92-2235

A	ALTERNATIVE DISTRIBUTORS CORP	10Q	05-31-92
B	AMERICAN BIODYNAMICS INC	10Q	05-31-92
C	COMMUNITY BANCSHARES INC (TN)	10Q	03-31-92
D	DOVER CAPITAL CORP	10Q	03-31-92
E	GENETIC ENGINEERING INC	10Q	05-31-92
F	GENESIS INVESTMENT GROUP INC	10Q	05-31-92
G	HUGHES RESOURCES INC	10Q	01-31-92
H	INTERNATIONAL META SYSTEMS INC	10Q	03-31-92
I	INSTRUCTIVISION INC	10Q	03-31-92
J	INSURANCE AUTO AUCTIONS INC	10Q	03-31-92
K	MEDAREX INC	10Q	09-30-91
L	MICROTECH MEDICAL SYSTEMS INC	10Q	03-31-92
M	NATIONAL CONSUMER COOPERATIVE BANK	10Q	03-31-92
N	NEUROTECH CORP	10Q	03-31-92
O	NEW IBERIA BANCORP INC	10Q	03-31-92
P	NORTH AMERICAN INTEGRATED MARKETING INC	10Q	03-31-92
Q	NORTH GEORGIA NATIONAL BANCSHARES INC	10Q	03-31-92
R	NORTECH SYSTEMS INC	10Q	03-31-92
S	PHOTEES INC	10Q	09-30-91
T	RANGER INDUSTRIES INC	10Q	03-31-92
U	SI HANDLING SYSTEMS INC	10Q	05-31-92
V	SIRCO INTERNATIONAL CORP	10Q	05-31-92
W	UNICO INC (NM)	10Q	05-31-92
X	USMX INC	10Q	03-31-92
Y	VENTURA INC	10Q	05-31-92

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 1992

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission file number 0-13661

ALTERNATIVE DISTRIBUTORS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**59-1648432**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

407R Mystic Avenue, Suite 16
Medford, MA 02155
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code (617) 395-0353

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check (X) whether the registrant)1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorted period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X__. No ______.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 2,985,515 shares outstanding on July 15, 1992.

ALTERNATIVE DISTRIBUTORS CORPORATION AND SUBSIDIARY

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ALTERNATIVE DISTRIBUTORS CORPORATION AND SUBSIDIARY
BALANCE SHEET
MAY 31, 1992 (Unaudited) and FEBRUARY 29, 1992

ASSETS

	MAY 31, 1992 (Unaudited)	FEBRUARY 29, 1992
CURRENT ASSETS		
Cash	$117,640	27,788
Due From Principal Stockholder	21,032	
Accounts Receivable, net of allowance for doubtful accounts of $350,000 (Note 3)	1,517,752	1,100,000
Due From R.E. Trust	20,218	
Loans to Employees		
Inventory (Note 1)	147,794	58,000
Stock Subscription Rec. (Note 2)	576,717	967,500
Prepaid Expenses	42,792	933
Tax Refund Receivable	41,873	41,873
TOTAL CURRENT ASSETS	2,485,818	2,196,094
FIXED ASSETS: (Notes 1, 3, & 5)		
Equipment	68,694	43,212
Computer Equipment	249,018	75,888
Motor Vehicles	132,330	54,607
Leasehold Improvements	274,266	274,266
TOTAL FIXED ASSETS	724,308	447,973
Accumulated Depreciation	131,824	124,424
NET FIXED ASSETS	592,484	323,549
OTHER ASSETS:		
Deferred Costs, net of Accumulated Amortization of $9048 (Note 1)	101,460	104,062
Operating Rights	898,927	
Acquisition in Progress	50,636	
Refundable Deposits	6,196	6,196
TOTAL OTHER ASSETS	1,057,218	110,258
TOTAL ASSETS	$4,135,521	$2,629,901

ALTERNATIVE DISTRIBUTORS CORPORATION AND SUBSIDIARY
BALANCE SHEET
MAY 31, 1992 (Unaudited) and FEBRUARY 29, 1992

LIABILITIES AND STOCKHOLDER EQUITY

	MAY 31 1992 (Unaudited)	FEB 29 1992
CURRENT LIABILITIES		
Accounts Payable	$1,376,032	875,100
N/P Atlantic (LOC)	1,199,915	1,152,823
Demand Notes Payable	127,617	123,155
Payroll Taxes Payable	30,886	39,030
Current Portion of LTD (Note 5)	81,596	16,655
Accrued Income Taxes	27,443	27,443
Accrued Expenses	90,783	81,671
TOTAL CURRENT LIABILITIES	2,934,272	2,315,877
LONG TERM DEBT		
Due to Principal Stockholder		19,097
Long Term Debt, net of Current Portion (Note 5)	143,989	12,418
TOTAL LONG TERM DEBT	143,989	31,515
TOTAL LIABILITIES	3,078,261	2,347,392
PREFERRED STOCK		
Preferred Stock, $.10 par value $.80 cumulative convertible series; authorized 44,000 shares; 3000 shares issued and outstanding, (Note 7)	27,748	27,748
TOTAL PREFERRED STOCK	27,748	27,748
STOCKHOLDERS' EQUITY		
Additional Paid In Capital	1,788,847	967,500
Common Stock, $.025 par value, authorized 25,000,000 shares 2,985,515 shares issued and outstanding, (Note 1)	14,788	12,500
Retained Earnings	(774,123)	(725,239)
TOTAL STOCKHOLDERS' EQUITY	1,029,512	254,761
TOTAL LIABILITIES & EQUITY	$ 4,135,521	$ 2,629,901

ALTERNATIVE DISTRIBUTORS CORP AND SUBSIDIARY
STATEMENT OF INCOME. (Unaudited)
THREE MONTHS ENDED MAY 31, 1992 AND 1991

	1992	1991
REVENUE FROM SALES		
TOTAL SALES	$2,440,107	$1,990,677
COST OF GOODS		
Purchases	1,720,456	1,407,586
Freight & Transport Exp	22,609	70
Subcontract Labor	367,290	363,029
Warehouse Labor	7,361	
TOTAL COST OF GOODS	2,117,716	1,770,685
GROSS PROFIT	322,391	219,992
OPERATING EXPENSES		
Advertising	793	
Amortization Expense	2,602	
Automobile Expense	10,803	2,487
Auto/Truck Lease	3,066	2,321
Bank Charges	2,103	2,403
Contributions	120	
Depreciation	7,400	3,844
Dues	74	85
Equipment Rental	19	
Fees (Lease)	8,125	538
Insurance	3,483	2,716
Insurance Group	18,278	8,520
Interest Expense	39,982	28,978
Maintenance Contracts	300	
Office Supplies	9,872	1,043
Officer Salary	7,162	7,000
Payroll	51,306	30,436
Payroll Taxes	7,280	7,144
Penalties	4,560	371
Permits & Licenses	300	30
Postage	2,345	1,599
Professional Fees	120,500	21,308
Printing Costs	8,917	8,186
Rent	30,540	27,950
Repairs & Maintenance	1,747	1,139
Rubbish Removal	54	553
Security	180	
Selling Expense	791	
Subcontract Services	18,268	
Taxes, Other	2,001	417
Telephone	7,402	5,408
Travel & Entertainment	8,978	4,087
Utilities	5,680	4,224
TOTAL OPERATING EXPENSE	383,992	175,806
INCOME (LOSS) FROM OPERATIONS	(61,601)	44,186
Miscellaneous Income	12,717	18
INCOME BEFORE TAXES	(48,884)	44,204
PROVISION FOR TAXES		11,051
NET INCOME (LOSS)	(48,884)	33,153

ALTERNATIVE DISTRIBUTORS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOW
MAY 31, 1992 AND 1991 (Unaudited)

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	($48,884)	$33,153
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and Amortization	10,002	5,844
(Increase) Decrease in Accounts Receivable	(417,752)	1,758
(Increase) in Inventory	(89,794)	
Decrease in Stock Subscription Rec.	390,783	
(Increase) in Prepaid Expense	(41,859)	(7,109)
(Increase) in Security Deposit		
(Increase) in Due From Principal Officer	(21,032)	
(Increase) in Due From R.E. Trust	(20,218)	
(Increase) in Loans to Employees		(2,000)
Increase (Decrease) in Accounts Payable	500,932	(21,312)
Increase In Accrued Taxes		2,087
Increase in Payroll Taxes Payable	(8,144)	
(Decrease) in Due to Principal Officer	(19,097)	
Increase in Accrued Expenses	9,112	
Net Cash (Used) by Operations	244,049	12,421
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets.	(276,335)	
Acquisition Costs	(50,636)	
Operating Rights	(898,927)	
Net Cash (Used) by investing activites	(1,225,898)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of credit	47,092	11,444
Proceeds from Demand Notes	4,462	
Net Proceeds (Payments) on Notes Payable	196,512	(7,766)
Proceeds from Common Stock	823,635	
Net Cash provided by financing activities	1,071,701	3,678
NET INCREASE IN CASH	89,852	16,099
CASH, BEGINNING OF YEAR	27,788	5,913
CASH END OF YEAR	$ 117,640	$ 22,012
SUPPLEMENTAL DISCLOSURES		
Interest Expense	$39,992	$ 29,579
Income Taxes		$ 33,153

ALTERNATIVE DISTRIBUTORS CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
As of May 31, 1992

Note 1 - Summary of Significant Accounting Policies:

Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended May 31, 1992 are not necessarily indicative of the results that may be expected for the year ended February 28, 1993. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended February 29, 1992.

During the fourth quarter of the fiscal year ending February 29, 1992 there was a reduction adjustment to sales of $427,000 and the establishment of an allowance for doubtful accounts of $350,000.

Business recapitalization

On August 7, 1991, the Company issued 48,185,831 shares (74.3%) of its common stock in exchange for all of the issued and outstanding common stock of the subsidiary in a tax-free reorganization wherein the subsidiary became a wholly-owned subsidiary of the Company. Where the ownership and operating control in the combined entity reside in the shareholders of the acquired corporation, generally accepted accounting principles require that the acquired corporation (subsidiary) be treated as the purchaser for accounting purposes. Accordingly, this transaction has been accounted for as a recapitalization of Alternative Distributor Company, Inc., (the surving entity) in a manner similar to a reverse purchase.

On December 26, 1991,the registrant's Certificate of Incorporation was amended to effect three changes therein: (i) a change of name of registrant to "Alternative Distributors Corporation", (ii) a reclassification of registrant's common stock by reverse splitting the previously outstanding shares of common stock, par value $.001 per share, on the basis of one new share of common stock, par value $.025 per share for each 25

Note 1 - Summary of significant accounting policies (continued):

previously existing shares, and (iii) an increase in the authorized shares from the 2,600,000 new shares into which the previously authorized 65,000,000 were changed by the reverse split, to 25,000,000 new shares.

Prior to the acquisition, the Company acted as a holding company for its principal assets, the operating subsidiaries of Eurobuilding Corporation (EBC) and Europharmaceutical Corporation (EPC). EBC is a wholly-owned subsidiary that owns a commercial office rental property and EPC is a 51%-owned subsidiary that imports and distributes pharmaceutical products. Because each of these subsidiaries have a negative net worth and the newly organized Company had no interest in continuing the business currently carried out by either EBC or EPC, they were sold on August 31, 1991 to the former controlling stockholder of the Company for $30,000 and other contingent consideration. It was the intent of the new management to dispose of EBC and EPC immediately after the business recapitalization became effective. Accordingly, the operations of EBC and EPC from August 31, 1991 are not reflected in the accompanying consolidated financial statements and the $30,000 receivable from the former controlling stockholder, net of the Company's outstanding redeemable convertible preferred stock of approximately $27,000 became the principal net assets acquired.

Operations - The Company, a Delaware corporation, is a distributor of bread and other food products doing business in the New England states. The distribution is through independent contractors, who service specific "routes", which are owned by the Company. Such "routes" (operating rights) may be purchased or sold by the Company. The value of such "routes" is usually determined by applying a factor ranging from six (6) to fifteen (15) to the average weekly sales of a "route" for the prior year.

The Company builds franchises from certain manufacturers of the products which it distributes which the grantor may terminate with or without compensation to the company depending on the terms of the franchise agreement. Such franchise, with the consent of the franchisor, may be transferred by the Company to a third party.

Consolidation - The accompanying May 31, 1992 consolidated financial statements include the accounts of Alternative Distributors Corporation at May 31, 1992 and the three months then ended and its wholly-owned subsidiary, Note 1 - Summary of significant accounting policies (continued):

Alternative Distributors Company, Inc. at May 31, 1992, and the three months then ended. All significant intercompany transactions and balances have been eliminated in consolidation.

On April 28, 1992, the Company acquired, in a business combination recorded as a purchase, all the assets of New England Snack, Inc., a Massachusetts corporation ("NES"), including 11 delivery routes (operating rights) and certain inventory and accounts receivable, in exchange for 91,515 shares of the Company's common stock which was traded at $9.875 to $10.5 per share on the date of acquisition and the assumption of certain liabilities of NES estimated to aggregate $401,260. Such number of shares of common stock are held in escrow and are subject to negative or positive adjustment (but not to a number in excess of 111,111 shares) in the event that the amount realized with respect to accounts receivable and inventory acquired, or required to be paid with respect to certain liabilities assumed, differ from those disclosed to the company at the time of acquisition. All accounts from April 28, 1992 to May 31, 1992 have been included.

Plant, property and equipment - Property, plant and equipment are stated at cost. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Depreciation is computed by the straight-line and accelerated methods for both financial reporting and tax reporting purposes over the estimated useful lives.

Note 1 - Summary of significant accounting policies (continued):

Inventories - Merchandise inventory is stated at the lower of cost or market, determined on a first-in, first-out basis.

Deferred Costs - The Costs related to the recapitalization referenced above are being amortized over a period of 10 years.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, cash and cash equivalents are defined as demand deposits at the banks.

Note 2 - Stock Subscription Receivable:

A stock subscription receivable in the original amount of $975,000 is payable in varying installments through September 1, 1992. Of the original subscription price $398,283 has been paid through July 14, 1992.

ALTERNATIVE DISTRIBUTORS CORPORATION AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
As of May 31, 1992

Note 3 - Line of Credit:

The Company has a line of credit with a financial institution which provides for maximum borrowings of $1,200,000 at an interest rate of 2 1/2% over prime. The loan agreement provides that the line of credit available is based upon an amount not to exceed 75% of the Company's eligible accounts receivable, defined as those receivables which arise from normal operations, which are less than ninety (90) days from the invoice date. The loan which is due on demand is secured by accounts receivable, inventories, equipment and other property. The loans are also personally guaranteed by a principal stockholder of the Company. The outstanding balance on the line of credit at May 31, 1992 was $1,199,915.

Note 4 - Demand Notes Payable:

Demand notes payable consisted of the following at May 31, 1992:

Uncollateralized Promissory note payable on demand dated November 26, 1991.	$ 3,090
Uncollateralized Promissory note payable on demand dated November 15, 1991.	8,000
Uncollateralized Promissory note payable on demand dated March 23, 1992	10,000
Uncollateralized Promissory note payable on demand dated March 20, 1992	20,500
Financing agreement under which the borrowings are based on accounts receivable of an affiliate, payable on demand, with an interest rate of prime + 3%	86,027
Total	$127,617

Note 5 - Long-term Debt:

Long-term debt consisted of the following:

Note payable in monthly installments of $5,554 including interest at 11.11%. This loan is collaterallized by equipment	$199,944

ALTERNATIVE DISTRIBUTORS CORPORATION AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
As of May 31, 1992

Note 5 - Long-term Debt (continued):

Note payable in monthly installments of $750 including interest at 15% . This loan is collaterallized by equipment	16,510
Note payable in monthly installments of $38 including interest at 15% . This loan is collaterallized by equipment	140
Note payable in monthly installments of $484 including interest at 16% . This loan is collaterallized by a motor vehicle	8,991
Total long-term debt	225,585
Less current portion	81,596
Total due after one year	$143,989

Long-term debt is payable in each of the next five years as follows:

May 31, 1994	$77,341
May 31, 1995	66,648
Total	$143,989

Note 6 - Related Party Transactions:

Rent expense:

Rent expense is paid to Reitman Trust , an entity which is controlled by the Company's principal stockholder. Rent expense for the three months ended May 31, 1992 was $24,242. The rental lease agreement is negotiated on a year to year basis.

Due from principal stockholder:

The Company's principal stockholder has received loans from the Company, which total $21,032 at May 31, 1992 and are non-interest bearing.

Note 7 - Redeemable Preferred Stock:

At May 31, 1992, the Company had 3,000 shares of its $.80 cumulative convertible series preferred stock outstanding. Each share of the preferred stock is entitled to cumulative semi-annual dividends at the rate of $.80 per year and is convertible into 2 shares of common stock. The liquidation preference of the preferred stock is callable, in whole or in part, by the Company at its option at any time upon 30 days prior notice. The price at which the preferred stock is callable, in whole or in part, by the Company at its option at any time upon 30 days prior notice is $10.00 per share plus accrued and unpaid dividends.

The Company has omitted dividends of $17,200 on the preferred stock outstanding at May 31, 1992. The Company will be prohibited from paying any dividends on the common stock (other than a dividend payable solely in shares of common stock) and from purchasing or otherwise acquiring for value, any shares of preferred stock. The Company is required, commencing on December 31, 1993, to set aside sufficient funds to establish a sinking fund for the redemption of the preferred stock. The preferred stock is not entitled to any voting rights. The outstanding preferred stock has not been included in common stockholders' equity because of its mandatory redemption feature.

The initial value assigned to the preferred stock is being increased to the redemption value of $10.00 per share during the period in which such stock is outstanding. Periodic accretions, based upon the "interest method" are charged to retained earnings.

As of May 31, 1992. the Company reserved 6,000 shares of common stock for issuance upon the conversion of preferred stock.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Quarterly period ended May 31, 1992

The Company's operating results improved significantly in the fiscal quarter ended May 31, 1992, compared with the corresponding quarter of the prior fiscal year or the overall results for the fiscal year ended February 29, 1992. Average sales have increased over 22% compared to sales for both the first quarter and total for said fiscal year, and are currently averaging about $240,000 per week, over 25% above the sales for said first fiscal quarter. Operating margins have increased to 13.6% compared with 7.6% for said fiscal year, and due to the Company's intensive efforts to accelerate the collection of its accounts receivable, the average age of such accountants receivables has decreased from 72 days for said fiscal year to 45 days at present. Notwithstanding such improved results, the Company's lending banks have required the Company to reduce its line of credit from $1,200,000 to $1,000,000 by September 1, 1992. Such reduction, which was occasioned by the inability of the Company's auditors to express an opinion regarding the Company's year-end financial statements, as explained under the caption "Fiscal year ended February 29, 1992" below, will make business difficult during the month of August unless further funds can be raised. Thereafter, however, the significantly improving cash flow from the Company's operations, mentioned above, is expected to permit the Company to redress its working capital position even in the absence of further financing.

Further funds for operations might be available to the Company from the proceeds of a substitute bank line of credit with a different bank to replace the present line of credit, or from a private placement. Although the Company is actively pursuing the possibility of such a substitute bank line, and is also exploring the possibility of a private placement, there is no assurance that either alternative will be able to be arranged.

Because of the problems identified by its accountants concerning the maintenance of financial records (see "Fiscal year ended February 29, 1992" below), the Company has retained a financial consultant to (1) institute new procedures to ensure that accounts receivable are closely monitored in the future, (2) assist in staffing the Company's bookkeeping group with experienced personnel, (3) supervise the integration of Company's below-described hand-held computer system with its internal bookkeeping, and (4) inaugurate a program for recovering receivables that the accountants have determined to be inadequately documented. The first three of such objectives are now in course of realization and the Company believes they will be achieved shortly and will result in a significant increase in revenues over the next few months. The Company also believes that such newly instituted financial controls will have the effect of decreasing the average length of time to collect its accounts receivable, which should significantly improve the Company's profit margins.

The Company has completed the installation of about half of the hand-held units for its new computer system comprising a central processing unit and individual units, including hand-held scanners, to be installed on 41 of the 52 delivery trucks used by its route drivers. The balance of such units are expected to be installed within two weeks. The trucks on which the hand-held units are being installed are generally those used to deliver bakery products, for which the system offers the greatest benefits. The scanners automatically record the number of items delivered to each customer and the amount to be billed therefor. Such system is expected to enable the Company to exert comprehensive tracking control over its inventory, while also enabling it to respond more quickly to the sales needs of customers, thereby reducing returns and spoilage. The Company expects the system will reduce the administrative costs of billing and inventory control; enable the Company to bill many customers earlier (e.g., immediately after delivery on a weekly or in some cases daily basis, rather than only on Saturdays), thereby reducing collection times; make it possible to place orders with suppliers and maintain service levels more efficiently; and assure accounting for the disposition of substantially all items of inventory. The aforesaid benefits should enhance profitability, although there is no assurance of that result.

The Company is working to change its product mix to include therein a larger proportion of snack food products, which generally produce substantially greater profit margins than the Company's bakery products, partly because such products have a longer shelf life than bakery products, but also because the demand for high quality tortilla chips and pretzels, such as those distributed by the Company, is expanding rapidly throughout the United States. Since the end of the Company's fiscal year ended February 29, 1992, the proportion of chip products and other snack foods included in the Company's profit mix increased from 20% to 31% currently and is targeted by the Company to reach 40% within the current fiscal year.

The Company expects its operating results to be enhanced during the current fiscal year due to arrangements commencing in March 1992 to resell through thrift shops food products returned by customers, which returns average about 10% of sales, mostly of bakery products. Typically, bakery products are date stamped with a date seven or eight days after the initial delivery of the products to the Company and are typically returned by customers if not sold within four or five days thereafter. Such products can be resold to thrift shops as long as at least one day remains before the stamped date. Revenues from sales to thrift shops to date have ranged from $7,000 to over $17,000 per month.

The Company's business may be affected by a current trend in the marketplace toward the establishment of club stores, which meet a portion of their capital needs through membership fees from their customers. Club stores price their products significantly below the prices of supermarkets and convenience stores for customers, including delicatessens, diners and coffee shops, who buy products in large quantities or large unit sizes. Over the last year, about 25 such stores have been established in the Company's service area by such companies as SAMs, Costco, Pace and BJs, and that number is expected to increase substantially. Club stores are believed to have annual sales averaging in the area of $2,000,000 per store, about 65% of which is attributable to food sales.

According to Supermarket News, club stores are expected to account for about 15% of all food sales in the country by 1995. The Company believes it has positioned itself to minimize or avoid any negative impact on its business from the trend to club stores by handling the distribution of bakery items in unit sizes that club stores sell. Since the large quantities in which such stores normally buy food products from suppliers is inconsistent with the short shelf life of bakery products, the Company believes it will be able to increase its sales to such stores. At present, the Company is the only distributor that distributes bakery products directly to all four club stores listed above.

Fiscal year ended February 29, 1992

In the course of auditing the Company's financial statements for the fiscal year ended February 29, 1992, the Company's new accountants concluded that certain of the Company's financial records had not been maintained in a manner enabling such accountants to satisfy themselves as to the amounts of accounts receivable, allowance for doubtful accounts, net sales and bad debt expense. As a result, the accountants were unable to express an opinion on the Company's financial statements for the fiscal year ended February 29, 1992, during which the Company experienced substantial liquidity problems. Such problems derived from the fact that the Company was generally being required by its suppliers to pay its bills for products supplied to it within approximately 40 days of delivery. On the other hand, the Company's customers paid their bills on average about 72 days after billing, or 95 days after the Company took delivery of such products from suppliers. As a result, the Company was required to finance its receivables at its own expense for an average period of approximately 55 days, principally with bank borrowings secured by a pledge of its accounts receivable.

During the fiscal year ended February 29, 1992, for the reasons mentioned under the discussion of the fiscal quarter ended May 31, 1992, the Company changed its product mix, by increasing the proportion of snack food products from 8% to 20%.

Fiscal year ended February 28, 1991

During its fiscal year ended February 28, 1991, the Company's sales increased by approximately 40% through internal growth, primarily as a result of adding new stores and chains to its customer base. During this year, eight new routes were established by the Company. On the other hand, the average number of days to collect accounts receivables rose from 50 days in fiscal 1990 to 73 days in fiscal 1991, reflecting the beginning of the problems the Company subsequently experienced, due in large part to its rapid growth, of finding that its procedures for booking and collecting receivables were not designed to handle the volume of business the Company was then servicing.

Fiscal year ended February 28, 1990

During its fiscal year ended February 28, 1990, the Company's sales increased by approximately 15% through internal growth, primarily as a result of adding new stores and chains to its customer base. During this year, four new routes were established by the Company. The average number of days to collect receivables remained relatively constant, dropping to 50 days in fiscal 1990 compared to 52 days in 1989.

PART II

Item 6. Exhibits and Reports on Form 8-K.

(a) Not applicable.

(b) Reports on Form 8-K.

On May 13, 1992, a report dated April 28, 1992, on Form 8-K was filed, reporting on Items 2 and 7 of the Form.

On July 13, 1992, an amendment on Form 8 to the foregoing report on Form 8-K was filed, amending Item 7 thereof and filing (i) *pro forma* financial statements as at February 29, 1992, and for the year then ended, reflecting the acquisition by registrant of New England Snacks, and (ii) unaudited financial statements for the fiscal years ended December 31, 1990 and 1991, of New England Snacks.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ALTERNATIVE DISTRIBUTORS
CORPORATION

Date: July 15, 1992

By: ______________________________
Bernard J. Reitman,
President (Principal Executive Officer; Principal Financial Officer; Principal Accounting Officer and Director)

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

AMERICAN BIODYNAMICS INC.
(Exact name of registrant as specified in its charter)

British Columbia *(State or other Jurisdiction of Incorporation or Organization)*	**76-0177314** *(I.R.S. Employer Identification No.)*
10500 University Center Drive, Suite 130 **Tampa, Florida** *(Address of Principal Executive Offices)*	**33612** *(Zip Code)*

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Registrant's telephone number, including area code: **(813) 979-0016**

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Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:

1,30

Common Stock, without par value *(Title of Class)*	NASDAQ *(Name of Each Exchange on Which Registered)*

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

As of July 14, 1992, there were outstanding 7,406,196 shares of Biodynamics International, Inc. Common Stock, par value $.01. See Notes to Financial Statements, Note 4.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN BIODYNAMICS INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET

	May 31, 1992 (unaudited)	November 30, 1991 (audited)
ASSETS		
Current Assets		
Cash and equivalents	$1,336,618	$191,701
Accounts receivable	780,052	579,779
Inventories	504,981	376,456
Other current assets	74,190	21,545
	2,695,841	1,169,481
Fixed Assets		
Office furniture & equipment	169,471	141,003
Leasehold improvements	24,588	23,877
Less accumulated depreciation	(117,924)	(109,932)
	76,135	54,948
Other assets		
Investment in joint venture	98,794	157,816
Non compete Agreement, less accumulated amortization	317,662	---
Other assets	80,472	16,800
	496,928	174,616
TOTAL ASSETS	$3,268,904	$1,399,045
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	521,438	609,919
Obligation under non compete, c/p	76,875	---
	598,313	609,919
Other liabilities		
Obligation under non-compete- n/c	245,592	---
Restricted stock	---	44,871
Shareholders' Equity		
Common stock, no par, authorized 20,000,000 shares 7,402,196 shares and 6,542,504 shares issued at May 31, 1992 and November 30, 1991, respectively	6,127,916	4,810,095
Less Treasury stock, 1,050 shares at cost	(432)	(432)
Additional contributed capital	696,049	696,049
Foreign currency translation gains	18,980	17,203
Retained earnings	(4,417,514)	(4,778,660)
	2,424,999	744,255
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$3,268,904	$1,399,045

See accompanying notes to consolidated financial statements.

AMERICAN BIODYNAMICS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS

	Six Months ended May 31,		Three Months Ended May 31,	
	1992	1991	1992	1991
INCOME				
Product sales	$2,898,153	$1,905,779	$1,790,432	$1,232,473
Cost of sales	1,507,559	1,013,631	919,451	624,833
Gross margin	1,390,594	892,148	870,981	607,640
COSTS AND EXPENSES				
General and administrative	477,129	424,012	284,669	279,792
Research and development	----	5,332	----	5,332
Sales and marketing	407,833	251,770	245,619	137,634
Depreciation and amortization	44,830	18,164	26,104	10,302
Amortization of debt cost		40,301	---	31,751
	929,792	739,579	556,392	464,811
Operating income	460,802	152,569	314,589	142,829
Equity in (loss of) joint venture	(96,718)	(70,540)	(67,558)	(50,305)
Other income	3,297	3,972	1,800	3,269
Income(loss) from operations before income tax and extraordinary items	367,381	86,001	248,831	95,793
Income taxes	(124,910)	(53,846)	(84,603)	(32,570)
Income before extraordinary item	242,471	32,155	164,228	63,223
Extraordinary item: tax benefit of net operating loss carryforward	118,665	53,846	80,373	32,570
	$361,136	$86,001	$244,601	$95,793
Weighted Average common shares outstanding	6,762,135	6,601,299	6,762,135	6,461,148
Income per share before extraordinary item	0.036	0.005	0.024	0.010
Net income per common share – extraordinary item	0.018	0.008	0.012	0.005
	0.054	0.013	0.036	0.015

AMERICAN BIODYNAMICS INC AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	May 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$361,136	$86,001
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	44,830	18,164
Amorization of debt cost and stock premium	---	40,301
Equity in loss of joint venture	96,718	70,540
Stock issue for services	7,401	2,400
Changes in assets and liabilities:		
Accounts receivable	(200,273)	17,645
Inventories	(128,525)	(91,068)
Prepaid expenses and other current assets	(52,645)	(79,289)
Accounts payable and accrued expenses	(88,481)	(35,787)
Foreign currency translation adjustments	(1,717)	(665)
Net cash provided by operating activities	38,444	28,242
Cash flows from investing activities		
Purchases of plant, property and equipment	(53,056)	(19,354)
Proceeds from sale of equipment	----	2,303
Additions to intangible assets	(50,101)	---
Contributions to joint venture	(37,696)	(30,697)
Net cash used in investing activities	(140,853)	(47,748)
Cash flows from financing activities		
Payments under non-compete agreement	(25,624)	(55,712)
Proceeds from stock option exercise	223,950	70,000
Issuance of stock in private placement	1,049,000	---
Net cash provided by financing activities	1,247,326	14,288
Net increase in cash and cash equivalents	1,144,917	(5,218)
Cash and Cash Equivalents at beginning of period	191,701	119,297
Cash and Cash Equivalents end of period	$1,336,618	$114,079
Supplemental cash flow disclosures – interest paid	---	$6,483
Supplemental schedule of noncash investing and financing activities:		
Obligation under Non-compete Agreement	$354,500	---

AMERICAN BIODYNAMICS AND SUBSIDIARY
NOTES TO CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
MAY 31, 1992

1. American Biodynamics Inc. and its wholly-owned subsidiary, Biodynamics Inc. ("the Company"), engaged in the business of distributing medical transplantation products, is the exclusive distributor of products to the United States from a German manufacturer.

2. In the opinion of management, the accompanying unaudited consolidated financial statements of American Biodynamics Inc. and subsidiary, and the unaudited consolidated results of operations and cash flows for the periods ended May 31, 1992 and May 31, 1991, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis. Such interim financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended November 30, 1991.

3. Joint Venture. In November 1990, the Company entered into a joint venture with Texas Medical Products, a subsidiary of Surgimedics, Inc. to form Advanced Haemotechnologies, in which it has a 50% interest in profits and losses, after giving effect to special allocations of deduction or loss attributable to its capital contributions

Condensed unaudited financial information for the Joint Venture at May 31, 1992, is as follows:

Assets	
Current Assets	$194,928
Equipment, net	484,935
Other assets	55,052
Total Assets	$734,885
Liabilities and Partners' Equity	
Accounts payable	$75,753
Installment notes payable	13,708
Partners' Equity	645,424
Total Liabilities and Partners Equity	$734,885

4. Subsequent Event. On May 29, 1992, at the Annual Shareholders Meeting of American Biodynamics Inc. ("ABI"), shareholders approved resolutions to change the domicile of the Company from British Columbia, Canada to Florida. This change was effected on June 3, 1992, by the merger of American Biodynamics Inc. into its wholly-owned subsidiary, Biodynamics Industries, Inc., chartered in Tampa, Florida. With the the redomicile and merger, the name of the Company was changed to Biodynamics International, Inc ("BII"). At that effective time, the common stock of ABI, with no par value, was converted to the common stock of BII, $.01 par value.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations

Operating results for the three months and six months ended May 31, 1992
Tissue sales for the three months ended May 31, 1992 were $1,790,432, an increase of 45% from the comparable prior year period of $1,232,473. Sales of $2,898,153 for the six months period reflected an increase of 52% over the prior year's sales for the same period of $1,905,779. Increased sales are due in part to the market expansion of bone graft products introduced in the second quarter of 1991. Gross margins have remained relatively stable, with margins of 48% and 47% for the comparative 1992 and 1991 periods, respectively. Sales were slightly hampered by back ordered product, with back orders totalling $434,000 at May 31, 1992.

Costs and expenses were $929,792 for the six months period ended May 31, 1992, increased 26% from the prior year's comparable period. For the quarter ending May 31, 1992, expenses increased 20%, up to $556,392 in 1992 as compared to $464,811 in 1991. General and administrative expenses for the second quarter ended May 31, 1992, were $284,669 increased 2% from the prior year's comparative period expenses of $279,792, and increased 16% for the six months period, with G & A expenses for the six months ended May 31, 1992 and 1991 at $477,129 and $424,012, respectively. Sales and Marketing expenses increased by 78% for the quarter, and 62% for the six months period. This significant increase is directly attributed to additional staffing in product management and new product development, combined with additional spending for product literature and product samples for testing.

Capital Expenditures and Liquidity
Through the first six months of 1992, operating activities provided cash of $38,444, with cash and cash equivalents at the end of the period increased $1,144,917. $53,056 was used in equipment purchases, with payments to the joint venture of $37,696, additions to intangible assets of $50,101, and $25,624 used to reduce debt. The comparable prior year period provided cash of $28,242 from operating activities, with $19,354 used in equipment purchases, and contributions of $30,697 to the joint venture. Debt was reduced by $55,712, and the Company received $70,000 in proceeds from the exercise of stock options.

From December, 1991 to May, 1992, employees exercised stock options for 347,500 shares of common stock, with proceeds to the Company totalling $223,950.

During February, 1992, the Company completed a private placement of 160,000 shares of restricted common stock and 80,000 stock purchase warrants for a total of $300,000. The warrants expire on January 25, 1995, with an escalating price which ranges from $2.75 to $3.75 per share. The Company reserved a first right of refusal for 12 months on any proposed share sale. The shares carry piggyback registration rights after one year. If the warrants are exercised, the underlying shares carry piggyback registration rights. The warrants may be called by the Company at an exercise price of $2.75 per warrant if the trading value of the Company's common stock is $5.50 for 30 consecutive trading days.

On March 31, 1992, the Company completed a private placement of restricted common stock, with proceeds totalling $800,000. The Investor group of four investment funds received 320,000 restricted common shares and 160,000 common stock purchase warrants. The stock purchase warrants have a four year life with a price starting at $6.60 per share, increasing each year.

In November 1990, the Company entered into a joint venture with Texas Medical Products, a subsidiary of Surgimedics, Inc. to form Advanced Haemotechnologies, in which it has a 50% interest in profits and losses, after giving effect to special allocations of deductions and losses attributable to its capital contributions.

Condensed unaudited financial information for the Joint Venture at May 31, 1992, is set out below.

Assets	
Current Assets	$194,928
Equipment, net	484,935
Other assets	55,052
Total Assets	$734,885
Liabilities and Partners' Equity	
Accounts payable	$75,753
Installment notes payable	13,708
Joint Venturers' Equity	645,424
Total Liabilities and Partners Equity	$734,885

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On January 8, 1992, the Company reached a settlement of all outstanding litigation matters with Weldon S. Guest. Under the terms of the final settlement, Guest relinquished fully his claims regarding royalties purportedly due him under a royalty agreement and monies under a terminated employment agreement. Concurrently, Guest and the Company entered into a noncompete agreement prohibiting Guest from competing with the Company in the allograft tissue market for the length of the payment period. Further, he will not participate in the marketing or selling of any autotransfusion device for a period of one year. Additionally, Guest agreed to a standstill agreement prohibiting interference with the operations of the Company or its management for the payment period. The Company has the option to prepay in three years, and benefit from a $47,000 reduction in its obligation. A total of $45,000 was paid at closing against the total amounts owed and was expensed. The amount of the asset with the corresponding liability has been recorded as a Non-Compete Agreement, and is being amortized over the four-year life of the asset.

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders.

Proxy statement for American Biodynamics Inc. filed April 20, 1992, is herein incorporated by reference.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

1. Other events, filed on January 20, 1992.
2. Other events, filed on February 10, 1992.
3. Other events, filed on April 20, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 13, 1992

American Biodynamics Inc.

John P. Hargis

President,
Chief Executive Officer

Martha S. [illegible]

Controller

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[redacted]

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

C92-2235

For the Quarter ended March 31, 1992 Commission file number 0-17654

COMMUNITY BANCSHARES, INC.
(Exact name of registrant as specified in its charter)

Tennessee (State or other jurisdiction of incorporation or organization)	62-1125075 (I.R.S. Employer Identification)

2175 Germantown Road South, Suite 104
Germantown, TN 38138
(Address of principal executive offices)
Registrant's telephone number, including area code: (901) 755-6067

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock	Outstanding Shares at May 10, 1992
Common Stock, par value $1.00 per share	2,638,121

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Community Bancshares, Inc.
Index to Form 10-Q
March 31, 1992

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B) Condensed Consolidated Statements of Operations For the three months ended March 31, 1992 and 1991 4

C) Condensed Consolidated Statements of Cash Flows For the three months ended March 31, 1992 and 1991 5

D) Notes to Condensed Consolidated Financial Statements March 31, 1992 6

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 7

SIGNATURES 23

Community Bancshares, Inc.
Condensed Consolidated Balance Sheets
(000's omitted)

	March 31 1992 (unaudited)	December 31 1991
Assets		
Cash and demand balances with banks	$ 12,028	$ 9,949
Investment securities	79,068	79,826
Federal funds sold	-	2,300
Net loans	113,408	118,990
Bank premises and equipment, net	3,600	3,656
Other real estate	8,866	7,289
Other assets	4,782	6,034
Total assets	$ 221,752	$ 228,044
Liabilities		
Deposits	$ 203,343	$ 211,010
Federal funds purchased and securities sold under agreements to repurchase	1,700	339
Long-term debt	1,209	1,220
Other liabilities	1,818	1,975
Total liabilities	208,070	214,544
Stockholders' equity		
Common stock, par value $1.00, 4,000,000 shares authorized, 2,638,121 issued and outstanding at March 31, 1992 and December 31, 1991.	2,638	2,638
Additional paid-in capital	11,141	11,141
Accumulated deficit	(97)	(279)
Total stockholders' equity	13,682	13,500
Total liabilities and stockholders' equity	$ 221,752	$ 228,044

See accompanying notes to condensed consolidated financial statements.

Community Bancshares, Inc.
Condensed Consolidated Statements of Operations

	For the Three months ended March 31 1992	For the Three months ended March 31 1991
	(unaudited, 000's omitted, except per share data)	
Interest income:		
Loans	$ 2,685	$ 4,046
Investment securities	1,549	1,357
Other	5	115
Total interest income	4,239	5,518
Interest expense:		
Deposits	2,140	3,401
Short-term borrowings	24	6
Long-term debt	25	32
Total interest expense	2,189	3,439
Net interest income	2,050	2,079
Provision for credit losses	157	400
Net interest income after provision for credit losses	1,893	1,679
Noninterest income	412	382
Noninterest expense	2,123	1,921
Income before income taxes and extraordinary credit	182	140
Income taxes	51	43
Income before extraordinary credit	131	97
Extraordinary credit resulting from previously unrecognized tax benefits	51	-
Net income	$ 182	$ 97
Weighted average shares of common stock outstanding	2,638,121	2,638,121
Net income per share before extraordinary credit	$ 0.05	$ 0.04
Extraordinary credit per share	$ 0.02	$ -
Net income per share	$ 0.07	$ 0.04

See accompanying notes to condensed consolidated financial statements.

Community Bancshares, Inc.
Condensed Consolidated Statements of Cash Flows

	For the three months ended March 31 1992	1991
	(000's omitted, unaudited)	
Operating activities:		
Net income	$ 182	$ 97
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	157	400
Provision for depreciation and amortization	102	145
Amortization and accretion of investment securities premiums and discounts, net	94	2
Net decrease in other assets and liabilities	(483)	(77)
Net cash provided by operating activities	52	567
Investing activities:		
Proceeds from maturities of investment securities	2,828	5,928
Purchases of investment securities	(2,164)	(10,741)
Decrease in short-term investments	2,300	4,045
Net decrease in loans	5,425	8,751
Net purchases of premises and equipment	(46)	(63)
Net cash provided by investing activities	8,343	7,920
Financing activities:		
Net decrease in deposits	(7,666)	(11,916)
Net increase in short-term borrowings	1,361	306
Net increase (decrease) in long-term borrowings	(11)	73
Net cash used by financing activities	(6,316)	(11,537)
Increase (decrease) in cash and demand balances with banks	2,079	(3,050)
Cash and demand balances with banks at beginning of period	9,949	15,286
Cash and demand balances with banks at end of period	$ 12,028	$ 12,236

See accompanying notes to condensed consolidated financial statements.

Community Bancshares, Inc.
Notes to Condensed Consolidated Financial Statements
March 31, 1992
(unaudited)

(1) The interim financial statements should be read in conjunction with Community Bancshares, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1991. Accordingly, significant accounting policies and other disclosures normally provided have been omitted since these items are disclosed therein.

The accompanying condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ending December 31, 1992.

(2) In the normal course of business, the Company is party to various legal actions. In the opinion of management and counsel, the ultimate resolution of these matters will not have a material adverse impact on the Company's financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

Community Bancshares, Inc. (the "Company") completed the first quarter of 1992 with $221.8 million in total assets, a decrease of 2.8% from the previous year-end, and $203.3 million in total deposits, a decrease of 3.6% from December 31, 1991.

The Company's earning assets (i.e. investment securities, federal funds sold, and net loans) decreased 4.3% during the first three months of 1992. During 1991, the Company took steps to improve its asset quality including a redeployment of the Company's asset mix. The Company decreased its federal funds sold target and funds dedicated to the loan portfolio, and increased its holdings in high-grade investment securities. At March 31, 1992, the Company's investment and loan portfolios comprised 41.1% and 58.9% of earning assets, respectively, relatively unchanged from December 31, 1991.

The Company has experienced a general decline in deposits since December 31, 1990, when it reached a historic high of $238.5 million. Deposits totalled $203.3 million at March 31, 1992, a decrease of 3.6% from December 31, 1991. Contributing to this decline were several market forces, principally the general decline in interest rates offered by banks for deposits during the 1991 and 1992 which encouraged some depositors to move their funds out of federally insured institutions and into other higher yielding investment opportunities (e.g. mutual funds). There are also indications that with relatively less attractive fixed rate opportunities during 1991 and 1992 compared to previous years, some borrowers elected to accelerate their debt service on funds owed to banks rather than investing those funds in time deposits and other interest bearing accounts. The Company also continued its attempt to redefine its deposit mix objectives to emphasize attracting less volatile and lower cost consumer deposits and lowered the interest rates on deposits which did not contribute to this objective. As a result, the Company's high yield money market savings account, which experienced steady growth during 1989 and 1990 due to its high interest rate and liquidity feature, declined throughout 1991. This decline in fixed rate time deposits and high yield savings accounts continued during the first three months of 1992. At March 31, 1992, total savings accounts decreased $2.3 million, or 3.6%, from December 31, 1991 and time deposits declined $6.7 million, or 6.8%. The Company's noninterest bearing and interest bearing demand deposit accounts increased 1.8% and 3.6% from December 31, 1991, to March 31, 1992.

At March 31, 1992, short-term borrowings consisted of $1.7 million in federal funds purchased. The Company maintains two $5.0 million secured lines of credit with two correspondent banks in order to facilitate overnight funding requirements. The Company does not actively solicit retail repurchase contract agreements and currently does not have plans to do so in the near term.

Total capital increased $182,000 during the first three months of 1992 as a result of net income from operations. No dividends were declared or paid by the Company during the first three months of 1992. The Company relies on dividends from its wholly-owned bank subsidiary, the Community Bank of Germantown ("Community Bank") in order to fund dividends to its stockholders. During the first quarter of 1991, Community Bank adopted an informal corrective action plan submitted by the Federal Deposit Insurance Corporation (the "FDIC") and the Tennessee Department of Financial Institutions. Among other things this plan requires Community Bank to obtain regulatory approval prior to paying dividends to the Company. During the first quarter of 1992, Community Bank consented to a new informal corrective action plan submitted by the FDIC and the Tennessee Department of Financial Institutions requiring Community Bank to maintain a Tier I capital to average asset ratio of 5.5% and to continue its efforts related to the 1991 plan. As part of this plan, Community Bank agreed (1) not to declare or pay dividends, that, when combined with all other dividends paid during the year, will exceed 50% of current year earnings, and (2) not to declare or pay any dividend on its Common Stock until the Board of Directors of Community Bank affirmatively determines, as noted in the board minutes, that Community Bank is in full compliance with the 1992 informal corrective action plan. The Company's ability to pay dividends will be influenced by the Community Bank's ability to pay dividends. At March 31, 1992, the Company and Community Bank met all applicable regulatory capital requirements.

RESULTS OF OPERATIONS

The Company reported net income from operations before extraordinary credit of $131,000, or $.05 per common share of stock, during the first three months of 1992, compared to net income of $97,000 , or $.04 per common share of stock, during the first three months of 1991. The Company recognized $51,000, or $.02 per common share of stock, during the first three months of 1992 from the utilization of a federal and state tax net operating loss carryforward.

During 1991 and the first three months of 1992, both the national and local economies were mired in recession. Efforts by the Federal Reserve to stimulate the economy during the twelve month period ended December 31, 1991, resulted in a reduction in short-term interest rates, which was closely followed by a reduction in credit rates. Despite uncertainties in the economy, the prevailing interest rate environment, and continued high levels of nonperforming loans and ORE, the Company was able to increase its net interest margin on a fully tax equivalent basis to 4.05% during the first quarter of 1992, compared to 3.88% during the first quarter of 1991. This increase was primarily attributable to changes in the Company's asset/liability and marketing strategies.

The Company's interest income on earning assets decreased 23.2% during the first quarter of 1992, compared to the corresponding period in 1991, primarily the result of changes in asset mix, and rate and volume decreases in total earning assets outstanding during the first quarter of 1992, compared to the first quarter of 1991. On December 31, 1991, nonperforming loans (i.e. nonaccrual loans, loans past due 90 days and accruing, and restructured loans) totalled $11.2 million. Of this amount $7.2 million were loans on nonaccrual status. On March 31, 1992, nonperforming loans totalled $9.3 million, of which $6.4 million were loans on nonaccrual status. Had these loans been on accrual status throughout the periods, interest income would have increased $59,000 and $100,000 for the first quarters of 1992 and 1991, respectively.

Interest expense declined 36.3%, during the first quarter of 1992, compared to the corresponding period in 1991. The Company attributes the decline in its cost of funds to decreases in deposit volume and lower interest rates associated with the weak economy, and the actions taken by the Federal Reserve to stimulate the economy throughout 1991. The Company currently anticipates that it will benefit from lower cost of funds during 1992 due to repricing opportunities within its time deposit portfolio, continued downward pressure on interest rates associated with a sluggish economy, and strategic changes in deposit mix.

During 1991 and the first three months of 1992, the Company dedicated significant resources, both financial and human, to addressing credit problems. The provision for credit losses decreased $243,000, or 60.8%, during the first quarter of 1992 compared to the first quarter of 1991. Provisions for credit losses during the first quarter of 1992 were primarily required in connection with further deterioration in the condition of previously identified problem credits. At March 31, 1992, the allowance for credit losses represented 50.1% of nonperforming loans and 4.0% of total loans compared to 45.4% of nonperforming loans and 4.1% of total loans at December 31, 1991.

Noninterest income increased $30,000, or 7.9%, during the first quarter of 1992 compared to the first quarter of 1991, primarily the result of call premiums received during the first quarter of 1992 on two securities previously held in the Company's investmant portfolio. Noninterest expense increased $202,000, or 10.5%, during the first quarter of 1992, compared to the corresponding periods in 1991, primarily the result of increased costs of professional fees and other ancillary fees associated with credit problems, costs associated with the maintenance of ORE, and increased deposit insurance premiums. The Company anticipates that it will continue to experience high costs related to servicing problem credits and maintaining ORE in the immediate future. In addition, recent reports on the state of the Bank Insurance Fund lead the Company to anticipate that there may be additional increases in deposit insurance premiums in the future, either through an increase in the assessment rate, periodic special assessments, or a combination thereof.

LIQUIDITY

The Company's cash and demand balances with banks serve as its primary source of liquidity on a daily basis. Excess funds are sold to its two primary correspondent banks at the overnight rate. The Company also maintains two secured overnight lines of credit totalling $5.0 million with two of its correspondent banks. At March 31, 1992, the Company's highest outstanding "purchased" position year-to-date was $5.6 million and its highest outstanding "sold" position was $2.2 million.

The Company's secondary source of liquidity is its investment security portfolio. At the March 31, 1992, approximately 94.5% of the investment security portfolio was comprised of obligations of the U. S. Treasury or its agencies. The remainder of the portfolio was invested in obligations of states or their political subdivisions, and high grade corporate debentures. Approximately $28.6 million, or 36.2%, of the securities portfolio was pledged as collateral against the Company's two overnight lines of credit with its primary correspondent banks, and deposits of various government entities or their agencies. At March 31, 1992, the Company's investment portfolio had a market value of approximately $80.9 million.

SELECTED STATISTICAL INFORMATION

The following tables and schedules set forth certain selected statistical information relating to the Company's business.

COMPARATIVE AVERAGE BALANCE SHEETS - Yields and Rates

Tax Equivalent Basis)

	March 31, 1992			March 31, 1991		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
			($ in thousands)			
Assets:						
Interest earning assets:						
Loans(2)	$ 124,524	$ 2,685	8.62%	$ 153,696	$ 4,046	10.53%
U S Treasury securities	13,127	238	7.25%	9,008	180	7.99%
Securities of other gov't agencies	62,420	1,223	7.84%	42,567	888	8.34%
Obligations of state and local gov'ts (1)(3)	2,678	79	11.80%	15,959	423	10.60%
Other investments	1,672	36	8.61%	354	9	10.17%
Federal funds sold	485	5	4.12%	7,519	115	6.12%
Total interest earning assets/ interest income	204,906	4,266	8.33%	229,103	5,661	9.88%
Cash and due from banks	10,989			13,869		
Other real estate	6,872			1,895		
Other assets	7,035			6,623		
Allowance for credit losses	(4,926)			(4,609)		
Total assets	$ 224,875			$ 247,080		
Liabilities and stockholders' equity:						
Interest bearing liabilities:						
Interest bearing DDA	$ 21,115	$ 150	2.84%	$ 18,755	$ 230	4.91%
Savings	62,495	566	3.62%	75,435	1,115	5.91%
Time certificates	95,617	1,424	5.96%	108,430	2,056	7.58%
Short-term borrowed funds	2,314	24	4.15%	441	6	5.44%
Other long-term debt	1,240	25	8.06%	1,243	32	10.30%
Total interest bearing liabilities/ interest expense	182,781	2,189	4.79%	204,304	3,439	6.73%
Noninterest bearing demand deposits	26,251			23,715		
Other liabilities	2,202			2,429		
Total liabilities	211,235			230,448		
Stockholders' equity	13,640			16,632		
Total liabilities and stockholders' equity	$ 224,875			$ 247,080		
Net interest earnings		$ 2,077			$ 2,222	
Net interest on earning assets			4.05%			3.88%

---

(1) The average yield on tax-exempt securities is calculated on a fully tax equivalent basis

(2) For purposes of thes computations, nonaccrual loans are included in the daily average loans outstanding.

(3) Tax equivalent adjustments are calculated assuming a 34% effective tax rate. These adjustments are $27,000 and $143,000 in 1992 and 1991, respectively.

ANALYSIS OF CHANGES IN EFFECTIVE INTEREST DIFFERENTIAL

The following table presents a summary analysis of changes in interest income, interest expense, and the interest rate differential segregated by the changes in volumes and rates:

	March 31,1992 v. March 31, 1991 Increase (Decrease) Change Due to (1):			March 31,1991 v. March 31, 1990 Increase (Decrease) Change Due to (1):		
	Volume	Rate	Total	Volume	Rate	Total
Increase (decrease) in:						
Loans	$ (697)	$ (664)	$ (1,361)	$ (31)	$ (641)	$ (672)
U.S. treasury securities	76	(18)	58	2	(11)	(9)
Securities of other U. S. government agencies and corporations	392	(57)	335	55	421	476
Obligations of states and political subdivisions (2)	(387)	43	(344)	4	(84)	(80)
Other investments	29	(2)	27	9	-	9
Federal funds sold	(82)	(28)	(110)	19	(87)	(68)
Total interest income	(669)	(726)	(1,395)	58	(402)	(344)
Increase (decrease) in:						
Demand deposits	26	(106)	(80)	18	(8)	10
Savings	(169)	(380)	(549)	149	(146)	3
Time certificates	(224)	(408)	(632)	(15)	(157)	(172)
Short-term borrowed funds	20	(2)	18	(16)	(6)	(22)
Other long-term debt	-	(7)	(7)	15	1	16
Total interest expense	(347)	(903)	(1,250)	151	(316)	(165)
Increase (decrease) in net interest income	$ (322)	$ 177	$ (145)	$ (93)	$ (86)	$ (179)

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(1) Increases (decreases) are attributed to volume changes and rate changes on the following basis: Volume Change equals change in volume times prior year rate. Rate Change equals change in rate times prior year volume. The Rate/Volume Change equals the change in volume times the change in rate and it is allocated between Volume Change and Rate Change at the Ratio that the absolute value of each of these components bears to the absolute value of their total.

(2) Tax equivalent adjustments are calculated assuming a 34% effective tax rate and were $27,000, $143,000, and $171,000 in 1992, 1991, and 1990, respectively.

INVESTMENT PORTFOLIO

The following table shows the year end book value of the investment portfolio at March 31, 1992 and December 31, 1991 ($ in thousands):

	March 31, 1992	December 31, 1991
U.S. treasury obligations	$ 13,117	$ 13,133
Obligations of U.S. government agencies and corporations	43,540	44,541
Obligations of states and political subdivisions	2,651	2,878
Other investments	1,671	1,672
Total	60,979	62,224
Mortgage-backed securities	18,089	17,602
Total investment securities	$ 79,068	$ 79,826

The following table shows the maturities and weighted average yields as of March 31, 1992 for each of the investment categories presented above ($ in thousands):

	Amount	Yield
U. S. treasury obligations:		
1 year or less	$ 2,020	7.19%
1-5 years	11,097	7.31%
6-10 years	-	
After 10 years	-	
Total	$ 13,117	
Obligations of U. S. government agencies and corporations and mortgage-backed securities:		
1 year or less	$ -	
1-5 years	32,288	7.91%
6-10 years	27,952	7.96%
After 10 years	1,389	8.80%
Total	$ 61,629	
Obligations of states and political subdivisions (1):		
1 year or less	$ 25	11.36%
1-5 years	1,587	12.02%
6-10 years	1,039	11.58%
After 10 years	-	
Total	$ 2,651	
Other investments:		
1 year or less	$ -	
1-5 years	740	8.74%
6-10 years	931	8.62%
After 10 years	-	
Total	$ 1,671	

---

(1) Tax equivalent adjustments are calculated assuming a 34% effective tax rate.

LOAN PORTFOLIO

The following table presents the amount of loans outstanding at the dates indicated according to the loan category:

	March 31, 1992	December 31, 1991
	($ in thousands)	
Real estate loans:		
Construction and land development	$ 15,445	$ 15,972
Secured by residential properties	7,816	8,713
Other real estate loans	27,864	30,463
Loans for purchasing or carrying securities	42	42
Agricultural loans	13	112
Commercial and industrial loans	33,222	35,765
Installment and other consumer loans	35,492	34,454
All other loans	1,598	1,825
Total loans	121,492	127,346
Unearned income	3,404	3,269
Allowance for credit losses	4,680	5,087
Net loans	$ 113,408	$ 118,990

LOAN MATURITY

The following table sets forth maturities of the loan portfolio and the sensitivity to interest rate changes of that portion of the Company's loan portfolio that matures after one year ($ in thousands):

	March 31, 1992			
	Maturity Range			
	One Year or Less	One Through Five Years	Over Five Years	Total
Real estate construction and development loans	$ 13,114	$ 1,426	$ 85	$ 14,625
Commercial and industrial loans	19,765	10,747	2,350	32,862
All other loans	28,577	28,177	13,847	70,601
Total loans	$ 61,456	$ 40,350	$ 16,282	$ 118,088

The sensitivity to interest rate changes of that portion of the Company's loan portfolio that matures after one year as of March 31, 1992, is set forth below ($ in thousands):

Real estate construction and development loans and commercial and industrial loans maturing after one year:	
Fixed rate	$ 5,319
Floating rate	9,289
	14,608
Other loans maturing after one year:	
Fixed rate	22,948
Floating rate	19,076
	42,024
Total loans maturing after one year	$ 56,632

LLOWANCE FOR CREDIT LOSSES

The following table sets forth an allocation of the allowance for credit losses as of the dates indicated. The allowance is an amount that management lieves will be adequate to absorb losses inherent in existing loans and commitments to extend credit, based on evaluations of the collectibility and ior loss experience of loans and commitments to extend credit. The evaluations take into consideration such factors as changes in the nature and lume of the portfolio, overall portfolio quality, loan concentrations, specific problem loans and commitments and current and anticipated economic nditions that may affect borrowers' ability to pay. Material estimates that are particularly susceptible to significant change in the near term are a ecessary part of this process. Future additions to the allowance may be necessary based on changes in economic conditions.

	March 31, 1992		December 31, 1991	
	Allowance for Credit Losses	% of Loans to Total Loans	Allowance for Credit Losses	% of Loans to Total Loans
nalysis of allowance for credit losses:	($ in thousands)			
Construction and land development	$ 526	12.71	$ 514	12.54
Secured by residential properties	739	6.43	796	6.84
Other real estate loans	590	22.94	661	23.92
Loans for purchasing or carrying securities	-	0.03	-	0.03
Agricultural loans	22	0.01	22	0.09
Commercial loans	2,615	27.34	2,624	28.06
Installment and other consumer loans	179	29.21	354	27.06
All other loans	9	1.33	116	1.43
Total allowance for credit losses	$ 4,680	100.00	$ 5,087	100.00

NONPERFORMING LOANS - The following table sets forth information with respect to nonperforming loans of the Company on the dates indicated. Accrual of interest is discontinued when there is reasonable doubt as to the full, timely collection of interest or principal. When a loan becomes contractually past due ninety days with respect to interest or principal, it is reviewed and a determination is made as to whether it should be placed on nonaccrual status. When a loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on such loans is then recognized only to the extent that cash is received and where the future collection of principal is probable. Interest accruals are resumed on such loans only when they are brought fully current with respect to principal and interest and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest. Restructured loans are those loans on which concessions in terms have been granted because of a borrower's financial difficulty. Interest is generally accrued on such loans in accordance with the new terms.

LOAN PORTFOLIO - Nonperforming Loans

($ in thousands)	Three Months Ended March 31, 1992	Year ended December 31, 1991
Nonaccrual loans	$ 6,393	$ 7,208
Restructured loans	$ 2,360	$ 2,197
Other loans which are past due 90 days or more as to principal or interest payments	$ 581	$ 1,811
Nonperforming loans as a percentage of net loans before allowance for credit losses	7.90 %	9.04 %
Allowance for credit losses as a percentage of nonperforming loans	50.14 %	45.35 %

The reduction of interest income associated with nonaccrual loans for the three months ended March 31, 1992, and the year ended December 31, 1992 was approximately $59,000 and $551,000 respectively.

SUMMARY OF CREDIT LOSS EXPERIENCE

The following table summarizes the credit loss experience for the periods indicated:

	Three Months March 31, 1992	Year Ended December 31, 1991
	($ in thousands)	
Average loans for the period, net	$ 124,524	$ 143,924
Allowance for credit losses, beginning of the period	$ 5,087	$ 4,611
Charge-offs for the period:		
Construction & land development	64	1,000
Secured by residential properties	67	102
Other real estate loans	147	931
Agricultural loans	-	65
Commercial & industrial loans	97	2,573
Consumer loans	245	610
All other loans	116	103
Total charge-offs	736	5,384
Recoveries for the period:		
Construction & land development	56	67
Secured by residential properties	-	45
Other real estate loans	40	45
Agricultural loans	-	2
Commercial & industrial loans	45	182
Consumer loans	24	149
All other loans	7	69
Total recoveries	172	559
Net charge-offs	564	4,825
Provision for credit losses	157	5,301
Allowance for credit losses, end of period	$ 4,680	$ 5,087
Ratio of net charge-offs during the period to average loans outstanding during the period	0.45%	3.35%
Ratio of allowance for credit losses at the end of the period to net loans before the allowance for credit losses at the end of the period	3.96%	4.10%

DEPOSITS

Deposits represent the primary source of funds for the Company. Other sources include repurchase agreements, federal unds purchased, other borrowed funds, and undistributed earnings from operations. Through asset/liability management, he mix and maturity of the various deposit categories is modified based on existing economic conditions and loan and nvestment policies in an effort to minimize cost, maximize effective interest differential, and maintain desired levels of liquidity.

The following table presents a breakdown by category of the average amount of deposits and the average rate paid on deposits for the periods indicated:

	Three Months Ended March 31, 1992		Year Ended December 31, 1991	
	($ in thousands)			
	Amount	Rate	Amount	Rate
Noninterest bearing demand deposits	$ 26,251		$ 24,186	
Savings deposits	62,495	3.62%	69,798	5.38%
Time deposits	95,617	5.96%	102,763	7.08%
Interest bearing demand deposits	21,115	2.84%	18,908	4.54%
Total deposits	$ 205,478		$ 215,655	

At March 31, 1992, time deposits greater than $100,000 aggregated approximately $24,347,000. The following table indicates, as of March 31, 1992, the dollar amount of time deposits of $100,000 or more by the time remaining until maturity:

	March 31, 1992			
	3 months or less	3 to 6 months	6 to 12 months	Over 12 months
	(in thousands)			
Time certificates	$ 15,276	4,242	2,541	2,288

FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	Three Months Ended March 31, 1992	Year Ended December 31, 1991
	($ in thousands)	
Balance at end of period, maturing in one day or on demand	$ 1,700	$ 339
Average during the period	$ 2,314	$ 2,111
Maximum month end balance	$ 4,291	$ 7,997
Weighted average rate during the period	4.15 %	5.02 %
Rate at end of period	4.00 %	3.00 %

RETURN ON AVERAGE EQUITY, AVERAGE ASSETS, DIVIDEND PAYOUT RATIO AND RATIO OF AVERAGE EQUITY TO AVERAGE ASSETS

Return on average equity, average assets, and the dividend payout ratio are based on net income for the periods indicated and as presented below:

	Three Month Period Ended March 31, 1992	Year Ended December 31, 1991
Return on average equity	5.33%	(20.19%)
Return on average assets	0.32%	(1.27%)
Dividend payout ratio	NM	NM
Average equity to average assets ratio	6.07%	6.30%

NM - Not Meaningful

OTHER BORROWED FUNDS

At March 31, 1992, and December 31, 1991, other borrowed funds consist of two obligations under capital lease totaling approximately $570,000 and a payable to bank with interest at prime secured by a deed of trust on commercial building. Principal payments of $5,000 plus interest are due in quarterly installments during 1992, with a final principal payment of approximately $631,000 due December 1, 1992.

INTEREST RATE SENSITIVITY

The interest sensitivity gap is the difference between interest sensitive assets and interest sensitive liabilities in a given time period. A prime objective of asset/liability management is to maximize net interest margin while maintaining a reasonable mix of interest sensitive assets and liabilities. The Company's objective of asset/liability management is to maintain an essentially balanced interest rate sensitivity position within six month periods. The following table sets forth the maturity or repricing dates of interest sensitive assets and liabilities:

	March 31, 1992					
	0 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Total
	(in thousands)					
Interest earning assets:						
Federal funds sold	$ -	$ -	$ -	$ -	$ -	$ -
Investment securities	862	2,129	6,026	52,424	17,627	79,068
Loans (1)	86,418	4,801	8,196	19,718	2,359	121,492
Total interest earning assets	87,280	6,930	14,222	72,142	19,986	200,560
Interest bearing liabilities:						
Interest bearing deposits and savings	47,015	-	-	35,957	-	82,972
Time deposits	36,831	24,754	16,678	13,593	990	92,846
Federal funds purchased	1,700	-	-	-	-	1,700
Total interest bearing liabilities	$ 85,546	$ 24,754	$ 16,678	$ 49,550	$ 990	$ 177,518
Interest sensitivity "gap"	$ 1,734	$ (17,824)	$ (2,456)	$ 22,592	$ 18,996	$ 23,042
Cumulative interest sensitivity "gap"	$ 1,734	$ (16,090)	$ (18,546)	$ 4,046	$ 23,042	

(1) Loans are presented gross of unearned discount of approximately $3,404,000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMUNITY BANCSHARES, INC.

Date May 12, 1992

John D. Ferguson

John D. Ferguson,
Chairman of the Board of Directors and
Chief Executive Officer

Date MAY 12, 1992

Charles E. Dickey

Charles E. Dickey
Senior Vice President and
Chief Financial Officer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
Of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1992

Commission File Number 33-26946-D

DOVER CAPITAL CORP.
(Exact name of registrant as specified in its charter)

Nevada
State or other jurisdiction of incorporation of organization

87-0460769
IRS Employer Identification No.

776 East 575 South, Layton, Utah 84041
(Address of principal executive offices)

Registrant's telephone number, including area code (801) 581-5999

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports)

Yes X No

and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

2,875,000
(Number of shares of common stock of the registrant outstanding as of March 31, 1992

NOTE: Page 1 of 8 sequentially numbered pages.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Liquidity and Capital Resources

The Company has limited cash. This came from its former Parent contributed to it at its inception. The Company during this quarter spun-off from its Parent. The Company will look for an acquisition or merger of an ongoing business but will have little cash to contribute to said ongoing business.

Management believe that the Company's current cash position will be sufficient to enable it to continue in business until it finds a suitable acquisition.

Results of Operations

The Company has no ongoing business operations. It does earn interest on the cash in its Money Market account. Expenses were greater this quarter than last year's quarter due to the timing of professional services to maintain SEC filings.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits - None.

(b) Reports on Form 8-K - None.

DOVER CAPITAL CORP.
(A Development Stage Company)

FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 1992
(Unaudited)

AND

FOR THE YEAR ENDED DECEMBER 31, 1991

DOVER CAPITAL CORP.
(A Development Stage Company)

BALANCE SHEETS

ASSETS

	March 30, 1992 (Unaudited)	December 31, 1991
CURRENT ASSETS:		
Cash in bank	$ 41,320	$ 43,150
Total current assets	41,320	43,150
OTHER ASSETS		
Organization costs, net of amortization of $200 and $185	100	115
	$ 41,420	$ 43,265

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 30, 1992 (Unaudited)	December 31, 1991
CURRENT LIABILITIES:		
Accounts payable	$ -0-	$ -0-
Total current liabilities	-0-	-0-
STOCKHOLDERS' EQUITY:		
Common stock; $.001 par value 100,000,000 share authorized, 2,875,000 shares issued and outstanding all periods	2,875	2,875
Capital in excess of par value	62,125	62,125
Earnings <deficit> accumulated during the development stage	< 23,580>	< 21,735>
Total stockholders' equity	41,420	43,265
	$ 41,420	$ 43,265

The accompanying notes are an integral part of this financial statement

DOVER CAPITAL CORP.
(A Development Stage Company)

STATEMENT OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31, 1992	For the Three Months Ended March 31, 1991	From Inception, December 1, 1988, to March 31, 1992
REVENUE			
Interest	$ 474	$ 585	$ 7,404
EXPENSES			
Accounting fees	1,250	-0-	5,540
Legal fees	-0-	-0-	21,717
Stockholder costs	1,046	-0-	1,046
Dues, fees and subscriptions	-0-	205	1,037
Office expenses	8	10	1,444
Amortization of organization cost	15	15	200
	2,319	230	30,984
NET INCOME <LOSS>	$< 1,845>	$ 355	$< 23,580>
EARNINGS <LOSS> PER SHARE	$< .00>	$ .00	$< .01>

The accompanying notes are an integral part of this financial statement

DOVER CAPITAL CORP.
(A Development Stage Company)

STATEMENT OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,		From Inception (December 1, 1988) To March 31,
	1992	1991	1992
INCREASE <DECREASE> IN CASH			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest income	$ 474	$ 597	$ 7,405
Expenses	< 2,304>	< 215>	<30,785>
Organization costs	-0-	-0-	< 300>
Net Cash Flows from Operating Activities	< 1,830>	382	<23,680>
CASH FLOWS FROM INVESTING ACTIVITIES	-0-	-0-	-0-
CASH FLOWS FROM FINANCING ACTIVITIES			
Sale of common Stock	-0-	-0-	35,000
Contributed capital	-0-	-0-	30,000
Net Cash Flows from Financing Activities	-0-	-0-	65,000
NET INCREASE IN CASH	< 1,830>	382	41,320
CASH - BEGINNING OF PERIOD	43,150	44,241	-0-
CASH - END OF PERIOD	$ 41,320	$ 44,623	$ 41,320
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
NET INCOME <LOSS>	$< 1,845>	$ 355	$<23,580>
Adjustments to reconcile net income <loss> to net cash provided <used> by operating activities			
Amortization of organization costs	15	15	200
Change in assets and liabilities			
Accrued interest receivable	-0-	12	-0-
Organization costs	-0-	-0-	< 300>
Increase in Accounts Payable	-0-	-0-	-0-
Total Adjustments	15	27	< 100>
NET CASH PROVIDED <USED> BY OPERATING ACTIVITIES	$< 1,830>	$ 382	$<23,680>

The accompanying notes are an integral part of this financial statement

DOVER CAPITAL CORP.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1

The financial information is prepared in conformity with generally accepted accounting principles and such principles are applied on a basis consistent with those reflected in the 1991 Annual Report filed with the Securities and Exchange Commission. The financial information included herein, other than the financial statements as of December 31, 1991, has been prepared by management without audit by an independent certified public accountant who does not express an opinion thereon. The financial statements as of December 31, 1991 have been derived from but do not include all the disclosures contained in the audited financial statements for the year ended December 31, 1991. The information furnished included all adjustments which are in the opinion of management, necessary for a fair presentation of the results for the interim period.

NOTE 2

The foregoing interim results are not necessarily indicative of the results of operations for the full year ending December 31, 1992.

NOTE 3

During the quarter ending March 31, 1992 the Company completed the distribution of its shares to the shareholders of its Parent Corporation. Initially, the spin-off by the Parent Corporation of the Company's shares was effective December 31, 1991 with no shares being cancelled. The Parent retained 56,250 shares (which it has subsequently sold during this quarter) and 2,818,750 shares were distributed. There were no proceeds to the Company from the distribution. The costs of the distribution was paid from existing capital of the Company.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DOVER CAPITAL CORP.

Date 7 7. 92

Kent F. Bond, President and
Principal Executive Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15(d) of THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended:
May 31, 1992

Commission File No. 0-8113

GENETIC ENGINEERING, INC.
(Exact name of registrant as specified in its charter)

Colorado
(State or other jurisdiction of incorporation or organization)

84-0824079
(IRS Employer Identification Number)

136th Avenue and North Washington Street
Denver, Colorado 80233
(Address of principal executive offices)

Registrant's telephone number, including area code: (303) 457-1311

Indicate by check mark whether registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

Indicate the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practicable date.

Common Stock, par value $.01 Class	3,997,675 Outstanding at July 1, 1992

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GENETIC ENGINEERING, INC.

FORM 10-Q

QUARTER ENDED MAY 31, 1992

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GENETIC ENGINEERING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

QUARTER ENDED MAY 31, 1992

Results of Operations

The Company's net loss for the nine months ended May 31, 1992 was $103,560, $66,227 greater than the net loss of $37,333 for the same period in 1991. The net loss for the current period represents a loss of $.03 per common share compared to a loss of $.01 per common share for the comparable period in 1991. Net loss in the current period was primarily the result of legal and accounting fees associated with the filing of a registration statement regarding the plan of reorganization with Miller Diversified Corporation (see "Agreement and Plan of Reorganization" on Page 2 of this report for details of this transaction). The lower net loss for the same period in 1991 was primarily due to a non-recurring gain received from the reimbursement of professional fees from settlement of a lawsuit and reimbursement of patent and related costs pursuant to a commercialization agreement. The Company's net loss for the three months ended May 31, 1992 was $64,611, which represents a loss of $.02 per common share (1991 net loss for the same period was $25,437 or $.01 per common share). The Company's primary source of operating revenues is from the rental of its real estate, which generated $35,896 and $34,600 of revenue in the nine-months ended May 31, 1992 and 1991, respectively.

Management has been seeking to effect a sale of the Company's land, buildings, equipment and other assets which are not deemed to be necessary for its operations, the proceeds of which would be used to help finance current operations. In addition, the Company has continued to seek to effect a business combination in order to provide access to capital. In February 1992, the Company entered into an Agreement and Plan of Reorganization with Miller Diversified Corporation (see Page 2 of this report for details of this reorganization).

Liquidity and Capital Resources

As of May 31, 1992, the Company had a negative working capital of $349,642 compared to a negative working capital last quarter of $285,060.

Selling, general and administrative expenses increased by $24,736 over the comparable nine-month period in 1991. The increase was due primarily to legal and accounting fees associated with the reorganization with Miller.

Interest expense of $13,706 this period compares to interest expense of $10,433 for the same period in 1991.

Depreciation expense decreased by $1,271 over the comparable period in 1991.

GENETIC ENGINEERING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

QUARTER ENDED MAY 31, 1992

Agreement and Plan of Reorganization with Miller Diversified Corporation

In February, 1992, the company signed an Agreement and Plan of Reorganization with Miller Diversified Corporation, a commercial cattle feeder and agricultural financial services company located in LaSalle, Colorado. Under the Agreement, the present stockholders of Genetic will become stockholders of Miller and Genetic will become a wholly-owned subsidiary of Miller in exchange for stock and the exchange of new Miller warrants for outstanding Genetic warrants and options. The proposed exchange will enhance shareholder value for the stockholders of Genetic by allowing them to become stockholders of a much larger company that has greater financial strength, strong on-going operations and a history of profitability. The combination of Genetic's technology and Miller's strong operating and financial base will result in a company with potential to compete more effectively in national and international markets.

A special shareholders' meeting is scheduled for August 6, 1992, to allow shareholders to vote on this reorganization.

GENETIC ENGINEERING, INC.

BALANCE SHEET

ASSETS

(Unaudited)

	May 31, 1992	August 31, 1991
Current assets:		
Cash	$ 527	$ 507
Receivables, trade	3,202	4,045
Inventories	81,601	81,601
Prepaid expenses (Note 5)	9,589	9,620
Total current assets	94,919	95,773
Property held for sale, net of accumulated depreciation ($28,758) (Note 2)	1,003,801	1,003,801
Equipment, net of accumulated depreciation ($98,933 at May 31, 1992, and $98,661 at August 31, 1991)	261	533
Patents and trademarks (Note 7)	----------	----------
TOTAL ASSETS	$1,098,981	$1,100,107

See notes to financial statements.

GENETIC ENGINEERING, INC.

BALANCE SHEET (Continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

(Unaudited)

	May 31, 1992	August 31, 1991
Current liabilities:		
Accounts payable:		
Trade	$ 156,619	$ 117,280
Related parties (Note 3)	186,869	157,242
Accrued expenses (Note 4)	101,073	67,605
Total current liabilities	444,561	342,127
Shareholders' equity:		
Common stock, $.01 par value; authorized 20,000,000 shares; issued and outstanding 3,997,675 shares	39,977	39,977
Capital in excess of par	6,320,021	6,320,021
Deficit	(5,705,578)	(5,602,018)
Total shareholders' equity	654,420	757,980
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,098,981	$1,100,107

See notes to financial statements.

GENETIC ENGINEERING, INC.

STATEMENT OF INCOME (LOSS)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	May 31, 1992	May 31, 1991	May 31, 1992	May 31, 1991
Revenues:				
Rental income	$ 10,382	$ 12,371	$ 35,896	$ 34,600
Other		5,406		39,433
	10,382	17,777	35,896	74,033
Costs and expenses:				
Costs of sales	450	(645)	2,813	1,461
Selling, general and administrative expenses	67,532	39,656	122,665	97,929
	67,982	39,011	125,478	99,390
	(57,600)	(21,234)	(89,582)	(25,357)
Other expenses:				
Depreciation & amortization	28	307	272	1,543
Interest expense	6,983	3,896	13,706	10,433
	7,011	4,203	13,978	11,976
Net income (loss)	$ (64,611)	$ (25,437)	$ (103,560)	$ (37,333)
Net income (loss) per common share (Note 6)	$ (.02)	$ (.01)	$ (.03)	$ (.01)
Weighted average number of shares outstanding (Note 6)	3,997,675	3,997,675	3,997,675	3,797,675

See notes to financial statements.

GENETIC ENGINEERING, INC.

STATEMENT OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	May 31, 1992	May 31, 1991
Cash flows from operating activities:		
Net income (loss)	$ (103,560)	$ (37,333)
Adjustments to reconcile net income (loss) to net cash provided in operating activities:		
Depreciation	272	1,543
Compensation, issuance of stock to directors and officers		9,375
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	843	(444)
Decrease in prepaid expenses	30	640
Increase (decrease) in accounts payable	39,340	(15,185)
Increase in advances-related parties	29,627	21,025
Increase in accrued expenses	33,468	21,079
Net cash provided in operating activities	20	700
Cash at beginning of period	507	389
Cash at end of period	$ 527	$ 1,089

See notes to financial statements.

GENETIC ENGINEERING, INC.

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

QUARTER ENDED MAY 31, 1992

1. Adjustments:

In the opinion of the Company, the accompanying unaudited financial statements contain all of the adjustments necessary to fairly present the financial position of the Company as of May 31, 1992 and May 31, 1991, and the results of its operations and changes in cash flows for the periods then ended. The Company believes that all of the adjustments are of a normal recurring nature.

2. Property, plant and equipment held for sale:

The Company has land, buildings, equipment and other assets which are not deemed to be necessary. The cash received from the sale of these assets will be used to help finance current operations.

3. Related party transactions:

The Company's president has periodically advanced the Company funds to help finance cost of operations. The president has also paid expenses on behalf of the Company which are reimbursable to him. Such advances are interest bearing at the rate of 10% and due on demand. As of May 31, 1992, outstanding advances were $186,869 including accrued interest.

4. Accrued expenses:

As of May 31, 1992, the Company owed $61,484 in property taxes which are included in accrued expenses.

5. Capital stock and capital in excess of par:

Common stock issued for goods and services: During 1987, the Company exchanged 100,000 shares of its common stock for $200,000 of credits to purchase goods and services through an unrelated party. The stock was valued at 50% of its trading value on date of issuance as a result of restrictions on sale of the stock. Therefore, the stock was recorded at $21,000, and the estimated value of goods and services remaining is included with prepaid expenses.

6. Loss per common share:

Loss per common share has been computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the three months and nine months ended May 31, 1992.

7. Patents and technologies:

Sale of micro-injection technology: In October of 1989, the Company entered into an agreement pursuant to which it sold its rights in and to a patent relative to its micro-injection technology. The Company received $40,000 in cash with an additional $20,000 due over four years. In February of 1990, the Company accepted $10,000 in cash in settlement for the $20,000 payments over four years resulting in a total gain from the sale of $50,000.

Consulting agreement: In April of 1991, the Board of Directors approved an amendment to a consulting agreement with an individual pursuant to which the individual is to receive 10% of all royalties received by the Company upon sale of licensed products from certain of the Company's technologies.

Commercialization agreements:

In February of 1991, the Company entered into an agreement pursuant to which the Company assigned all of its rights to its patent for "encapsulation of sperm for artificial insemination" to British Technology Group, USA, Inc. ("BTG") for a period of ten years. The Company is to receive one-half of any aggregate gross receipts less allowable costs realized by BTG from the commercialization of the patent. The consulting agreement mentioned above applies to this technology.

In July of 1991, the Company entered into a similar agreement with BTG related to its patent for "a method of treating collected mammalian semen and separating sperm into XY components". This technology is not subject to the consulting agreement mentioned above.

PART II

Item 1. Legal Proceedings: None.

Item 2. Changes in Securities: None.

Item 3. Defaults Upon Senior Securities: None.

Item 4. Submission of Matters to a Vote of Security Holders:

During the three months ended May 31, 1992, no matter was submitted to a vote of security holders through the solicitation of proxies or otherwise. However, as stated on Page 2, the Company entered into an Agreement and Plan of Reorganization with Miller Diversified Corporation in February 1992. A special shareholders meeting is planned for August 6, 1992, to allow shareholders to approve the reorganization.

Item 5. Other Information: None.

Item 6. Exhibits and Reports on Form 8-K: None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENETIC ENGINEERING, INC.

Date: July 13, 1992

By: ____________________
Charles Srebnik
President, Treasurer
and Principal
Financial and
Accounting Officer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended
May 31, 1992

Commission File No. 0-17849

F92-2235

GENESIS INVESTMENT GROUP, INC.

Incorporated in the State of Arizona

IRS No. 86-03453590

2200 East Camelback Road
Suite 2200
Phoenix, Arizona 85016
(602) 957-0920

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities and Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [X] No [ ]

Materials have been incorporated by reference into this Report from the following documents: (1) materials from the Registrant's Form 10 Registration Statement filed with the Securities and Exchange Commission on June 27, 1989, as amended by the Registrant's Form 8 filed on December 19, 1989, (the "Registration Statement") and (2) materials from the Registrant's Form 10-K filed with the Securities and Exchange Commission on May 28, 1992.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of July 13, 1992, 1,013,805 shares of Common Stock ($0.01 par value) were outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GENESIS INVESTMENT GROUP, INC. AND SUBSIDIARIES
(In Process of Liquidation)
STATEMENT OF CONSOLIDATED NET ASSETS
AS OF MAY 31, 1992 and FEBRUARY 28, 1992 (Liquidating Basis)

ASSETS

	May 31 1992	February 28 1992
Cash	$ 15,537	$ 2,181
Receivables:		
Mortgages	2,952,100	2,938,724
Other	60,675	58,880
Real estate held for sale	12,700,175	12,633,264
Property and equipment held for sale	999	850
Investments in general partnerships	1,143,418	1,072,734
Property expenses advanced	...	...
Total assets	16,872,904	16,706,633

LIABILITIES AND NET ASSETS IN LIQUIDATION

	May 31 1992	February 28 1992
Notes payable	5,909,239	5,909,239
Accounts payable and accrued expenses	1,030,156	974,351
Minority interests	1,614,597	1,614,597
Total liabilities	8,553,992	8,498,187
Specific-Fund Certificates	4,254,886	4,173,218
Net assets in liquidation	$ 4,064,026	$ 4,035,228

See accompanying note to financial statements.

GENESIS INVESTMENT GROUP, INC. AND SUBSIDIARIES
(In Process of Liquidation)
STATEMENT OF CONSOLIDATED OPERATIONS AND CHANGES IN CONSOLIDATED NET ASSETS
for the three months ended May 31, 1992 and May 31, 1991

	May 31 1992	May 31 1991
Revenues:		
Sales of real estate	$ ---	$1,636,500
	$ ---	$1,636,500
Costs and expenses:		
Cost of real estate sold	---	1,646,638
General and administrative expenses	55,529	99,441
Adjustment of assets to estimated net realizable value	(75,680)	(51,962)
Unrecoverable property expenses	2,149	57,505
Income (loss) from operations	18,002	(115,122)
Other income (expenses):		
Interest income	9,003	40,733
Interest expense	(2,840)	(2,839)
Other, net	4,633	1,285
Net income (loss)	28,798	(75,943)
Net assets in liquidation at February 28th	6,035,228	6,055,898
Net assets in liquidation at May 31st	6,064,026	5,979,955

See accompanying note to financial statements.

GENESIS INVESTMENT GROUP, INC. AND SUBSIDIARIES
(In Process of Liquidation)
STATEMENT OF CONSOLIDATED CASH FLOWS
for the three months ended May 31, 1992 and May 31, 1991

	May 31 1992	May 31 1991
Cash flows from operating activities:		
Net income (loss)	$ 28,798	$ (75,943)
Adjustments to reconcile net loss to net cash:		
Adjustment of assets to net realizable value	...	26,696
Amortization of discount	(75,680)	(78,658)
Collections on mortgage receivables	3,724	73,182
Increase in mortgage receivables	...	(1,145,573)
Decrease (increase) in accrued interest and other receivables	(560)	25,859
Increase (decrease) in accounts payable and accrued expenses	55,805	36,250
Net cash used in operating activities	13,207	(1,138,187)
Cash flows from investing activities:		
(Additions) to investments in partnerships	...	(42,000)
Deletions (Additions) to real estate held for sale	...	1,044,688
(Additions) reductions to property and equipment held for sale	149	...
(Additions) to property expenses advanced	...	(1,314)
Net cash used in investing activities	149	1,088,002
Cash flows from financing activities:		
Increase in notes payable	...	...
Payments on notes payable	...	(2,262)
Payments to Specific Fund Certificate holders	...	...
Net cash used in financing activities	...	(2,262)
Net (increase) decrease in cash	13,356	(59,833)
Cash at beginning of period	2,181	228,124
Cash at end of period	15,537	168,291

See accompanying note to financial statements.

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring accruals and continued adjustments to the estimated net realizable value of assets) necessary to present fairly the consolidated net assets (liquidation basis) as of May 31, 1992 and February 28, 1992 and the results of operations and changes in consolidated net assets and cash flows (liquidation basis) for the three months ended May 31, 1992 and May 31, 1991.

Significant changes in the components of the consolidated net assets since February 28, 1992, as well as other liquidating activities have been discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations.

For additional information regarding significant accounting policies and accounting matters applicable to the Company, reference should be made to the Company's Form 10 for the year ended February 28, 1992.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations

Results of Operations

The Company continued the liquidation process pursuant to the Plan of Reorganization through the first quarter of fiscal 92/93. During the quarter, no property sales occurred, as compared to the first quarter of 91/92 when the Company sold five properties for a total price of $1,636,500.

During the first quarter the Company achieved a profit from operations of $18,002 as compared to a loss of $115,122 for the first quarter of the previous year. The improvement in profitability of $133,124 results from a reduction administration costs of $43,912, the non reoccurrence of property expenses of $55,356 and an increase in the positive net realizable value adjustment of $23,718.

Liquidity and Capital Resources

During the quarter the Company's cash reserves increased by $13,356. The Company received $3,724 from mortgages during the quarter which was not sufficient to fund the property expenses, interest payments and administration hence resulting in a significant increase in accounts payable. The company anticipates sufficient cash flow in the second quarter to cover all payables that are due.

General Outlook

The management of Genesis is continuing their effort to maximize returns from the mortgages and property it owns.

Due to the depressed state of the Arizona real estate market, management does not anticipate an early liquidation of the remaining assets. In view of this, all costs of administration are being maintained at a low level to maximize return to the shareholders.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Genesis and its subsidiaries are involved in a number of pending legal proceedings, most of which are being litigated as adversary proceedings or as contested claims in the United States Bankruptcy Court. Current proceedings include the following: (All references to Property Numbers refer to the numbers assigned to the various properties in which Genesis has an interest in Exhibit 2.2, The Amended Disclosure Statement of Harbor Financial, Inc. and Harbor Southwest Development, Inc., Dated May 16, 1988, Revised July 15, 1988, pp. 225-339 incorporated herein by reference.)

The following proceedings are discussed in detail in the From 10K in respect of the year ending February 1992, which was filed with the Securities and Exchange Commission on May 23, 1991. No material events have occurred during the quarter under review, other than those reported in the Form 10K.

1. **GENESIS INVESTMENT GROUP, INC.**, an Arizona corporation, as successor in interest to Harbor Financial, Inc., an Arizona corporation, and Harbor Financial Group, Inc., an Arizona corporation, v. **LAWRENCE L. HENREN** and **JANE DOE HENREN**, husband and wife; **GEORGE M. ETHRIDGE III** and **JANE DOE ETHRIDGE**, husband and wife; **CEDARWOOD, INC.**, a Delaware corporation.

   Superior Court of Arizona, Maricopa County.
   Case No.: CV 89-15032.
   Date Instituted: June 2, 1989.

2. **PHOENIX ASSEMBLAGE (PAL I)**, an Arizona general partnership; and **PAL II**, an Arizona general partnership, v. **THIRTY-FIFTH AVENUE AND BASELINE**, an Arizona general partnership; **BUTLER**, an Arizona general partnership; **BASELINE CORNER**, an Arizona general partnership; **PILOT SERVICE CORP.**, an Arizona corporation.

   Superior Court of Arizona, Maricopa County.
   Case No. CV 89-16644.
   Date Instituted: June 16, 1989.

3. **GENESIS INVESTMENT GROUP, INC.**, an Arizona corporation v. **REAL ESTATE SCIENCE CORPORATION**, an Arizona corporation, **DAVID PETERSON** and **JANE DOE PETERSON**, husband and wife; **THEODORE E. NEEDHAM, JR.** and **JANE DOE NEEDHAM**, husband and wife; **MICHAEL W. HUSCROFT** and **JANE DOE HUSCROFT**, husband and wife; **JOHN DOES X-X**.

   Superior Court of Arizona, Maricopa County.
   Case No. CV 89-18330.
   Date Instituted: July 5, 1989.

4. **GENESIS INVESTMENT GROUP, INC.**, an Arizona corporation, as successor in interest to Harbor Financial, Inc., an Arizona corporation, and Harbor Financial Group, Inc., an Arizona corporation, v. **LAWRENCE L. HENREN** and

JANE DOE MENNEN, husband and wife; GEORGE H. ETHRIDGE III and JANE DOE ETHRIDGE; LYNWOOD S. BELL and JANE DOE BELL; FAWNRIDGE, INC., a Delaware corporation.

Superior Court of Arizona, Maricopa County.
Case No. CV 89-20557
Date Instituted: July 25, 1989

5. IN RE HARBOR INTERSTATE-10 LIMITED PARTNERSHIP, an Arizona limited partnership, Debtor

United States Bankruptcy Court, District of Arizona
Chapter 11 Proceeding No. 89-6033-PHX-RGM
Date Instituted: July 5, 1989

6. IN RE LAWRENCE L. MENNEN and LYNN A. MENNEN, Debtors

United States Bankruptcy Court, District of Arizona
Chapter 11 Proceeding No. 89-02586-TUC-LO
Date Instituted: 9/15/89

7. GENESIS INVESTMENT GROUP, INC., an Arizona corporation, as Successor in Interest to Harbor Financial Group, Inc., an Arizona corporation, and Harbor Financial, Inc., an Arizona corporation v. JOHN PAUL PAYE and JANE DOE PAYE, husband and wife.

Superior Court of Arizona, Maricopa County.
Case No. CV-90-03002.
Date Instituted: January 31, 1990.

8. PHOENIX ASSEMBLAGE (PAL I), an Arizona general partnership; and PAL II, an ARIZONA general partnership, v. MOUNTAIN PARK VENTURE, an Arizona partnership; PARK VENTURE, an Arizona partnership; CAPITAL RESERVE FUND LIMITED PARTNERSHIP, an Arizona limited partnership; TIMOTHY KIRK EVANS as Personal Representative of the Estate of Larry Lloyd Royse; TEMPE ASSOCIATES, a California limited partnership doing business as Tempe Development Limited Partnership; JOHN PAUL PAYE, a married man dealing with his sole and separate property; T.D. SERVICE COMPANY OF ARIZONA, a California corporation; CITY OF PHOENIX, a municipal corporation; JOHN DOES 1 through 20; JOHN DOE CORPORATIONS 1 through 20; JOHN DOE PARTNERSHIPS 1 through 20.

Superior Court of Arizona, Maricopa County.
Case No. CV 91-02073.
Date Instituted: January 24, 1991.

9. PHOENIX ASSEMBLAGE, an Arizona general partnership; and PAL II, an Arizona general partnership, v. BASELINE AND 51ST AVENUE, an Arizona general partnership; TEN, an Arizona general partnership; PILOT SERVICE CORP., an Arizona corporation; THE ARIZONA BANK, aka Security Pacific Bank Arizona, an Arizona banking corporation; TIMOTHY KIRK EVANS, as Personal Representative of the Estate of Larry Lloyd Royse; STEVE WELLS and CAROL A. WELLS; BYRON G.

WILLIAMS and LEONA K. WILLIAMS; AGRIZONA III, a general partnership; ANDERSON CLAYTON FINANCIAL SERVICES CORP., a corporation; JOHN and JANE DOES I THROUGH XX, individually and on behalf of their marital estate; BLACK PARTNERSHIPS I THROUGH X; WHITE CORPORATIONS I THROUGH X; RED TRUSTS 1 THROUGH X.

Superior Court of Arizona, Maricopa County.
Case No. CV 90-00754.
Date Instituted: January 19, 1990.

10. GEORGE ETBRIDGE v. MARK V. KENNEDY; GALLAGHER & KENNEDY, P.A.; and GENESIS INVESTMENT GROUP, INC.

District Court, Virgin Islands.
Case No. CV91-34.
Date Instituted: February 1, 1991.

11. GENESIS INVESTMENT GROUP, INC., an Arizona corporation, v. GREENBERG, CAMPBELL, CHIN, a partnership; BRUCE D. GREENBERG and JANE DOE GREENBERG, husband and wife; JOHN R. CAMPBELL and JANE DOE CAMPBELL, husband and wife; FREDERICK E. CHIN and JANE DOE CHIN, husband and wife; JOHN DOES 1-X AND JANE DOES 1-X.

Superior Court of Arizona, Maricopa County.
Case No. CV 89-29366.
Date Instituted: October 17, 1989.

Item 3. Defaults Upon Senior Securities

No defaults occurred during the quarter with respect to indebtedness of Genesis or its significant subsidiaries that exceed 5% of the total assets of Genesis.

Item 4. Submission Of Matters To A Vote of Security Holders

On June 24, 1991 a Shareholders' Meeting was held in Phoenix, Arizona.

At that meeting the following Board of Directors was elected:

Patrick J. McGroder III
Timothy R. Busch
Lawrence Bushkin
Linda Roessler

Effective February 28, 1992 Linda Roessler resigned as a board member and has not been replaced.

Effective July 1, 1992, the officers of the company were :

President/CEO/Treasurer	David B. Graham
Secretary	Patrick J. McGroder III

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Genesis Investment Group, Inc. hereby incorporates the following Exhibits pursuant to Regulation §201.24 by reference to the filing set forth below:

2.1 Arizona States Bankruptcy Court for the District of Arizona
In Re Harbor Financial, Inc.
Case No. B-87-8388-PHX-SSC
In Re Harbor Southwest Development, Inc.
Case No. B-87-8389-PHX-SSC
Order Confirming Plan of Reorganization

Filed with the Securities and Exchange Commissions on June 28, 1989 as Exhibit 2.1 of the Form 10 Registration of Securities of the Common Stock of Genesis Investment Group, Inc., Commission File Number 0-17849.

2.2 Amended Disclosure Statement of Harbor Financial, Inc. and Harbor Southwest Development, Inc., dated May 16, 1988, Revised July 15, 1988.

Filed with the Securities and Exchange Commission on June 28, 1989 as Exhibit 2.2 of the Form 10 Registration of Securities of the Common Stock of Genesis Investment Group, Inc., Commission File Number 0-17849.

(b) Reports on Form 8-K

None filed during period.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Genesis Investment Group, Inc.
(Registrant)

Date July 13, 1992

David B. Graham
President
(Duly Authorized Officer and
Principal Accounting Officer)

RECD S E C

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Q92.2235

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

BEST COPY AVAILABLE

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

PROCESSED BY

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COMMISSION FILE NUMBER: 1-10987 and 0-19708

HUGHES RESOURCES, INC.
Exact name of Registrant as specified in

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Colorado State or other jurisdiction of incorporation or organization	84-1034982 I.R.S. Employer Identification No.
FM 2626 NORTH, BON WIER, TEXAS Address of principal executive offices	75928 Zip Code

30

Registrant's telephone number, including area code: 409-397-4221

Former name, former address and former fiscal year, if changed since last report: **not applicable**

Indicate by check mark whether the Registrant (1) has filed an annual, quarterly and other reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ___

The number of shares outstanding of the issuer's common stock, as of February 28, 1992 is 5,196,404 shares.

This filing consists of 11 pages
It contains no exhibits

PART 1 FINANCIAL INFORMATION

HUGHES RESOURCES, INC.
CONSOLIDATED BALANCE SHEET

	JANUARY 31, 1992 (UNAUDITED)	OCTOBER 31, 1991 (1)
ASSETS		
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	$56,051	$173,456
TRADE RECEIVABLES, LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	1,181,213	1,133,182
INVENTORIES	1,340,167	1,465,696
TIMBER DEEDS	486,735	333,371
PREPAID INSURANCE	432,742	343,704
DEFERRED INCOME TAXES	44,994	44,994
	3,541,902	3,494,403
LONG-TERM RECEIVABLES		
ADVANCES TO STOCKHOLDER AND EMPLOYEES	143,012	191,085
PROPERTY AND EQUIPMENT	3,096,482	3,064,280
OTHER ASSETS	$92,289	35,515
	$6,873,685	$6,785,283
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
SHORT TERM BORROWINGS	$1,479,010	$1,456,650
BANK OVERDRAFT		23,216
ACCOUNTS PAYABLE	1,161,408	1,077,810
CUSTOMER ADVANCES	73,507	83,586
INCOME TAXES PAYABLE	334,294	332,967
ACCRUED EXPENSES	170,994	79,452
	3,219,213	3,053,681
LONG-TERM DEBT, LESS CURRENT MATURITIES	1,159,418	1,241,856
DEFERRED INCOME TAXES	240,372	240,372
STOCKHOLDERS' EQUITY		
COMMON STOCK	33,644	33,644
RETAINED EARNINGS	2,221,038	2,215,730
	2,254,682	2,249,374
	$6,873,685	$6,785,283

SEE NOTES TO UNAUDITED FINANCIAL STATEMENTS

(1) THE OCTOBER 31, 1991 AMOUNTS ARE DERIVED FROM THE AUDITED FINANCIAL STATEMENTS OF THAT DATE.

HUGHES RESOURCES. INC.
CONSOLIDATED STATEMENT OF INCOME

	THREE MONTHS ENDED JANUARY 31, 1992 (UNAUDITED)	THREE MONTHS ENDED JANUARY 31, 1991 (UNAUDITED)
NET SALES	$5,283,815	$6,137,342
COST OF SALES	4,802,097	5,421,799
GROSS PROFIT	481,718	715,543
OPERATING EXPENSES	404,694	354,713
OPERATING INCOME	77,024	360,830
FINANCIAL INCOME (EXPENSE)		
INTEREST INCOME		
INTEREST EXPENSE	(56,300)	(70,922)
OTHER INCOME AND (EXPENSE)	(14,089)	(20,692)
INCOME BEFORE INCOME TAXES	6,635	269,216
FEDERAL INCOME TAX	1,327	72,728
NET INCOME	$5,308	$196,488
EARNINGS PER SHARE OF COMMON STOCK OUTSTANDING 3,364,404 SHARES	$.00	$.06
WEIGHTED AVERAGE NUMBER OF COMMON STOCK	3,364,404	3,364,404

SEE NOTES TO UNAUDITED FINANCIAL STATEMENTS.

HUGHES RESOURCES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	THREE MONTHS ENDED JANUARY 31, 1992 (UNAUDITED)	1991 (UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	$5,235,784	$6,034,450
CASH PAID TO SUPPLIERS AND EMPLOYEES	(5,013,940)	(6,321,376)
INTEREST PAID	(56,300)	(70,922)
	165,544	(357,848)
CASH FLOWS FROM INVESTING ACTIVITIES		
PRINCIPAL PAYMENTS RECEIVED ON ADVANCES TO STOCKHLDR'S & EMP	48,073	0
PURCHASE OF PROPERTY AND EQUIPMENT	(207,451)	(48,818)
DISBURSEMENTS ON ADVANCES TO STOCKHOLDERS AND EMPLOYEES	0	(57,172)
DISBURSEMENTS FOR OTHER ASSETS	(56,774)	54,854
	(216,152)	(51,136)
CASH FLOWS FROM FINANCING ACTIVITIES		
PROCEEDS FROM BORROWINGS	100,000	41,766
PRINCIPAL PAYMENTS ON BORROWINGS	(176,876)	(189,583)
CUSTOMER ADVANCES	10,079	589,000
	(66,797)	441,183
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(117,405)	32,199
CASH AN CASH EQUIVALENTS BEGINNING	173,456	12,261
ENDING	$56,051	$44,460

SEE NOTES TO UNAUDITED FINANCIAL STATEMENTS

HUGHES RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	THREE MONTHS ENDED JANUARY 31,	
	1992 (UNAUDITED)	1991 (UNAUDITED)
RECONCILLIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
NET INCOME	$5,308	$196,488
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	150,000	135,178
CHANGES IN ASSETS AND LIABILITIES NET OF EFFECTS FROM ORGANIZATION OF SUBSIDIARY:		
DECREASE (INCREASE) IN TRADE RECEIVABLES	(48,031)	(102,892)
DECREASE (INCREASE) IN INVENTORIES AND TIMBER DEEDS	(27,835)	(83,816)
(DECREASE) INCREASE IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES	173,813	(545,265)
INCREASE IN INCOME TAX PAYABLE	1,327	42,459
(INCREASE) DECREASE IN PREPAID EXPENSE	(89,038)	19190
	$165,544	($357,848)

SEE NOTES TO UNAUDITED FINANCIAL STATEMENTS

Hughes Resources, Inc.
Notes to consolidated financial statements
(unaudited)

Note 1 -- Basis of Presentation

The accompanying unaudited, consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulations S-X and do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three months ended January 31, 1992 are not necessarily indicative of the results that may be expected for the fiscal year ending October 31, 1992.

These statements should be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended October 31, 1991.

Note 2 -- Reorganization

On June 3, 1991, the shareholders of Hughes Wood Products, Inc. exchanged their stock interest in Hughes Wood Products, Inc. for 5,819,000 shares of Common Stock of FIRMA, Inc., a Colorado corporation pursuant to a Reorganization Agreement (such transaction being referred to herein as the "Hughes Reorganization"). Immediately after the Hughes Reorganization, FIRMA, Inc., changed its name to "Hughes Resources, Inc.". As a result of the Hughes Reorganization, Hughes Wood Products, Inc. is a wholly owned subsidiary of Hughes Resources, Inc.

Note 3 -- Reverse Stock Split

On December 2, 1991, the shareholders of Hughes Resources, Inc. approved an amendment to the Company's Article of Incorporation and approved a reverse stock split of 1 for 1.88 common shares.

Note 4 -- Subsequent Events

Of February 10, 1992, the Company completed a public offering of 966,000 Units at $6.00 per Unit. Each Unit consisted of two shares of the Company's $.01 par value common stock, one Class A Common Stock Purchase Warrant, and one Class B Common Stock Purchase Warrant. This is further described in a current report on Form 8-K reporting an event of February 10, 1992.

HUGHES RESOURCES, INC.
Managements Discussion and Analysis of Financial Conditions and Results of Operations for the Three Months Ended January 31, 1992

Liquidity and Capital Resources

For the three months ended January 31, 1992 company working capital decreased by approximately $118,000. During the period cash declined by approximately $117,000. Additional borrowings of $100,000 on company working capital lines, together with $165,000 in cash generated from operating activities, funded cash requirements for the quarter. The $165,000 generated from operating activities for the quarter ended January 31, 1992, compares with $357,000 in cash used by operating activities during the sames period of fiscal 1991. The difference is accounted for in a substantial reduction in accounts payable made during the first quarter of 1991.

Company assets increased slightly during the quarter with certain line items increasing and others decreasing. In no case were the changes material to the Company's financial condition.

During the quarter negotiations were begun to secure equipment for additions to all company mill and plant sites. It is expected that $1.3 million dollars will be invested in property and equipment by the end of the fiscal year, October 31, 1992. Additions to the DeQuincy mill will include a pole peeler, enabling the company to manufacture poles to be treated in the company's Houston Woodtech facilities in San Antonio. It is expected that pole manufacturing will begin in late April of 1992. The other major expenditure will be for mill upgrading at the Bon Wier facility. It is expected that the modernized equipment to be added will increase production from the mill approximately 30%, and increase efficiencies of yield by approximately 15%.

On February 10, 1992, following the end of the quarter, the Company completed a public offering of 966,000 Units at $6.00 per Unit, netting approximately $4,700,000. The Company intends to use these funds to retire debt, for plant expansion and renovation, and for working capital. In addition, the Company used $255,000 to retire 100,000 shares of common stock held by the President.

Results of Operations

During the three months ended January 31, 1992, sales were $5,283,815, approximately a 13% reduction from sales of $6,137,342 of the same quarter during the previous year. Gross profit on the sales reduced to $481,718 during the first quarter of 1992 (9.1% of sales) from $715,543 during the first quarter of 1991 (11.7% of sales).

The most significant influence on the Company's results of operations for the first quarter of the 1992 fiscal year was the inclement weather in eastern Texas and western Louisiana. Rainfall totals exceeded twice normal levels and were the highest in 50 years. This amount of precipitation made it difficult to harvest logs during the quarter because of the difficulty of moving the necessary heavy equipment into the logging sites. The Company's inability to secure sufficient log inventory had negative effects on production volume and efficiencies of the Company's logging, milling, and wood treatment operations, resulting in reduced sales and gross margins.

Market demand for all of the Company's products remain strong and, in fact, demand has been outstripping supply on an industry-wide basis in the Company's area of operations. For that reason, the Company is encouraged in its belief that lost revenues and profits can be recovered as the year progresses. Shipments to brokers supplying utility poles to Telmex of Mexico are expected to reach 4,000 poles per month by the end of March 1992, and exceed 6,000 per month by the end of May 1992. Management expects that these shipments will result in increased revenue's and profits. Management is negotiating with brokers a contract for sale of debarked logs for the remainder of 1992. Consummation of an agreement would enable the company to essentially recover the revenues from that activity lost during the first quarter because of bad weather.

Gross margins decreased from 12% to 9% for the period again reflecting inefficiencies caused by the severe weather conditions. To a lesser degree, sales of Houston Woodtech, Inc. were negatively affected because of the lack of outdoor construction activity caused by the weather.

Operating expenses as a percent of sales increased to 8% from 6% in the previous year again due to reduced sales.

Interest expense decreased to $56,000 from $71,000 due to declining interest rates and debt reductions.

After tax earnings for the three months ended January 31, 1992 were $5,308 versus $196,488 for the same period of fiscal 1991. The decrease is attributable to the inclemency of the weather, which significantly reduced the supply of raw materials to the Company's mills and treatment plants, notwithstanding steady demand for the products.

PART II OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

A special meeting of the shareholders of Hughes Resources, Inc. ("HRI") was held on December 2, 1991 at the corporation's offices in Bon Wier, Texas. The meeting did not involve the election of directors. At the meeting, the shareholders approved a 1.88-for-1 reverse stock split, whereby each 1.88 shares of the common stock outstanding prior to the meeting became one share of common stock following the meeting and the amendment to HRI's articles of incorporation. Proxies were not solicited for the meeting, but an information statement was sent to the shareholders. At the meeting, 5,892,613 shares (93% of the total number of shares outstanding) voted for the reverse stock split, no shares voted against, and no shares shares abstained.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

None.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended January 31, 1992. The following reports on Form 8-K were filed subsequently:

Report dated February 26, 1992, reporting an event under Item 5: separation of Units

Report dated February 10, 1992, reporting an event under Item 5: completion of public offering

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HUGHES RESOURCES, INC.

By: James E Hughes
James E. Hughes, Sr.,
President

By: ______________________
Reed C. Evans, Principal
Financial Officer

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

#92.2235

Quarterly Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934

For Quarter Ended March 31, 1992 **Commission File Number 33-16416-LA**

INTERNATIONAL META SYSTEMS, INC.

23842 Hawthorne Blvd., #200
Torrance, CA 90505

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization	33-0146747 I.R.S. Employer Identification Number

Registrant's telephone number, including area code: (310) 375-4700

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 12(g) 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No______ (as of 12/31/91)

9-9 (a)

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INTERNATIONAL META SYSTEMS, INC.
("Company" or "Registrant")

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, $.0001 Par Value -- 16,795,399 as of March 31, 1992.

PART I.

FINANCIAL INFORMATION

Item 1. Financial Statements

INTERNATIONAL META SYSTEMS, INC.
BALANCE SHEETS
March 31, 1992

	March 31, 1992 (unaudited)	December 3 1991 (Audited)
ASSETS		
Current Assets		
Cash	$ 310,527	$ 6,519
Accounts Receivable	0	0
Inventory less accumulated depreciation of $50,927 (1992)	356,489	407,416
Prepaid expenses	11,828	8,751
Other Receivable	0	750,000
Total Current Assets	$ 678,844	$1,172,686
Furniture and Equipment at cost less accumulated depreciation of $16,530 (1992) and $272,948 (1991)	$ 81,826	$ 62,568
Computer Software Costs, at cost, less accumulated amortization of $30,892 (1992) and $334,756 (1991)	$1,090,685	$1,023,274
Other Assets, at cost, less amortization of $0 (1992) and $9,751 (1991)	$ 159,426	$ 159,426
TOTAL ASSETS	$2,010,781	$2,417,954

INTERNATIONAL META SYSTEMS, INC.
BALANCE SHEETS
March 31, 1992

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)

	March 31 1992 (unaudited)	December 31 1991 (Audited)
Current Liabilities		
Accounts Payable and Accrued Expenses	$ 96,242	$ 176,165
Notes Payable	105,184	234,185
Notes Payable-Related Party	0	33,000
Total Current Liabilities	$ 201,426	$ 443,350
Long Term Liabilities/Note Payable	0	4,000
	201,426	447,350
Commitments and Contingencies		
Shareholders' Equity		
Common stock $.0001 par value, authorized 50,000,000 shares; issued and outstanding 16,795,399 shares (1992) 16,795,399 shares (1991)	$ 1,680	$ 1,680
Additional paid-in capital	3,811,955	3,811,955
Accumulated deficit	(2,004,280)	(1,843,031)
Total Shareholders' Equity	$ 1,809,355	$1,970,604
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,010,781	$2,417,954

INTERNATIONAL META SYSTEMS, INC.
STATEMENT OF OPERATIONS
March 31, 1992

	Three Months Ended	
	March 31, 1992	March 31, 1991
Revenue		
Sales	$ 0	$ 50,000
Other	0	1,275
	0	51,275
Cost and Expenses		
Cost of goods sold	$ 0	$ 0
Research and development	81,737	51,661
Selling, general and administrative	82,191	26,716
	163,928	78,377
Loss from Operations	163,928	27,102
Other (income) expenses		
Interest income	$ (4,537)	$ (1,971)
Interest expense	1,858	4,174
Gain on Extinguishment of Debt	0	(4,208)
	(2,679)	(2,005)
NET LOSS	$ 161,249	$ 25,097
Net loss per share	$ .01	$ .0015
Weighted-average number of shares outstanding	16,421,347	15,972,275

INTERNATIONAL META SYSTEMS, INC.
STATEMENTS OF CASH FLOWS
March 31, 1992

	Three Months Ended	
	March 31, 1992	March 31, 1991
Net Cash provided by (used) for Operating Activities	$ 604,100	$(140,591)
Cash Flows from Investing Activities		
Capital expenditures - software costs	(98,303)	(26,290)
Capital expenditures - other	(35,788)	(997)
Net cash used in investing activities	(134,091)	(27,287)
Cash Flows from Financing Activities		
Proceeds from Short Term Borrowings	0	5,000
Principal payments on debt	(166,001)	(25,437)
Net cash (used) by financing activities	(166,001)	(20,437)
Net Increase (Decrease) in Cash and Cash Equivalents	304,008	(188,315)
Cash and Cash Equivalents at Beginning of Year	6,519	$ 292,605
Cash and Cash Equivalents at End of Period	$ 310,527	$ 104,290
Non-Cash Items		
Purchase of Software		
Stock Issued for Services	$ 0	$ 0

INTERNATIONAL META SYSTEMS, INC.
Notes to Financial Statements
March 31, 1992

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended December 31, 1992. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1991.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company continued to invest in the development of its microprocessor technology. Research and Development expenses increased 58% over first quarter expenses in 1991, primarily due to a focused effort to complete building the IMS 3250 Microprocessor.

Selling, General and Administrative expenses increased as a result of write downs in inventory values due to obsolescence.

The Company remains dependent upon outside financing in order to achieve continuing viability and ultimate success in the marketplace. The Company continues to operate in a development mode with curtailed marketing and sales activities, relying on development contracts to cover expenses. Cash flows from several proposed contracts would exceed projected expenses for this year, however, management cannot be assured that those contracts will be consummated. The Company continues to peruse other methods of financing to cover the circumstances where the proposed contracts are delayed or not successful. Such financing arrangements include joint venture, manufacturing licensing agreement and secondary financing to provide funds for continuing operations.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

There have been no changes in the rights, preferences or privileges of security holders.

Item 3. Defaults in Senior Securities.

There have been no defaults in any security issued by IMS.

Item 4. Submission of Matters to a Vote of Security Holders.

IMS will hold its annual Shareholders Meeting on September 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERNATIONAL META SYSTEMS, INC.

Date: May 13, 1992

George W. Smith, President, Chief
Executive Officer and Acting
Principal Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934.

SEC MAIL PROCESSING SECTION
RECEIVED
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WASH. D.C.

For Quarter Ended March 31, 1992
Commission File Number: 2-98176NY

INSTRUCTIVISION, INC.
(Exact name of registrant as specified in its charter)

New Jersey (State or other jurisdiction of incorporation or organization)	FP22-2386359 (IRS Employer Identification No.)
3 Regent Street, Livingston, New Jersey (Address of principal executive offices)	07039 (Zip Code)

Registrant's telephone number, including area code: (201) 992-9081

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ____

As of March 31, 1992 there were 3,350,000 shares of Common Stock, par value $.001 per share, outstanding.

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Part I: Financial Information

Item 1. Financial Statements (Unaudited)

Balance Sheets at March 31, 1992 and September 30, 1991 4

Statement of Operations for the six months ended March 31, 1992 and 1991 5

Statement of Operations for the three months ended March 31, 1992 and 1991 6

Statement of Cash Flows for the six months ended March 31, 1992 and for the year ended September 30, 1991 7

Notes to interim Financial Statements 8

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 9

Signatures 10

PART I: Financial Information

Note: The following unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments necessary for a fair presentation have been included. Operating results for the six months ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended September 30, 1992. For further information refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended September 30, 1991.

INSTRUCTIVISION, INC.
BALANCE SHEET

ASSETS

	March 31, 1992 (unaudited)	September 30, 1991
Current assets		
Cash	$ 4,473	$ 9,896
Accounts receivable	230,250	230,914
Inventory	218,956	183,230
Prepaid expenses	14,008	7,928
Total current assets	467,687	431,968
Property and equipment at cost, less accumulated depreciation	194,660	240,386
Other assets		
Capitalized software - net of amortization	135,438	132,883
Deposits	13,125	13,125
Total other assets	148,563	146,008
Total assets	$ 810,910	$ 818,362

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1992 (unaudited)	September 30, 1991
Current liabilities		
Notes payable	$ 20,129	$ 21,640
Accounts payable	103,334	115,595
Accrued expenses	34,305	24,641
Total current liabilities	157,768	161,876
Long-term debt--less current maturities	39,889	47,637
Total liabilities	197,657	209,513
Stockholders' equity		
Common Stock, $.001 par value, authorized 10,000,000 shares; issued and outstanding 3,350,000 shares	3,350	3,350
Additional paid-in capital	1,425,218	1,425,218
Retained earnings (deficit)	(815,315)	(819,719)
Total stockholders' equity	613,253	608,849
Total liabilities and stockholders' equity	$ 810,910	$ 818,362

See accompanying notes to financial statements

INSTRUCTIVISION, INC.

STATEMENT OF OPERATIONS
For the Six Months ended March 31, 1992 and 1991
(unaudited)

	1992	1991
Revenues		
Sales	$ 534,745	$ 502,734
Other income	---	---
Total revenues..............	534,745	502,734
Costs and expenses		
Cost of sales	311,309	308,528
General & administrative expense	216,235	219,180
Interest expense	2,797	5,446
Total costs & expenses	530,341	533,154
Income (loss) before income taxes...	4,404	(30,420)
Provision for income taxes	---	---
Net income (loss)	$ 4,404	$ (30,420)
Earnings (loss) per share (Note 2)	less than $ .01	less than $ (.01)

See accompanying notes to financial statements

INSTRUCTIVISION, INC.

STATEMENT OF OPERATIONS
For the Three Months Ended March 31, 1992 and 1991
(unaudited)

	1992	1991
Revenues		
Sales	$ 275,738	$ 227,230
Other income	---	---
Total revenues..............	275,738	227,230
Costs and expenses		
Cost of sales	160,650	145,064
General & administrative expense	111,587	111,366
Interest expense	1,342	2,399
Total costs & expenses	273,579	258,829
Income (loss) before income taxes...	2,159	(31,599)
Provision for income taxes	--	--
Net income (loss)	$ 2,159	$ (31,599)
Earnings (loss) per share (Note 2)	less than $ .01	less than $ (.01)

See accompanying notes to financial statments

INSTRUCTIVISION, INC.
STATEMENT OF CASH FLOWS
For the Six Months Ended March 31, 1992
and the Year Ended September 30, 1991

	March 31, 1992 (unaudited)	September 30, 1991
Operating Activities		
Net Income (loss)	$ 4,404	$ (53,329)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization...............	49,248	109,715
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable..	664	50,852
Increase in inventories and prepaid expenses	(41,806)	(25,565)
(Increase) decrease in capitalized software and deposits	(2,555)	(38,951)
Increase in accounts payable and accrued expenses	(2,597)	36,042
Net Cash provided by operating activities......	7,358	78,764
Investment Activities		
Purchases of property, plant and equipment..	(3,522)	(38,184)
Net cash used in investing activities..........	(3,522)	(38,184)
Financing Activities		
Proceeds from shareholder advances	---	6,550
Principal payments on long term dept and capital lease obligations	(9,259)	(46,685)
Net cash provided by financing activities......	(9,259)	(40,135)
Increase (decrease) in cash and cash equivalents	(5,423)	445
Cash and cash equivalents at beginning of year..	9,896	9,451
Cash and cash equivalents at end of year......	$ 4,473	$ 9,896
	==========	==========

Supplemental disclosure of cash flow information:

Cash paid for:	March 31, 1992	September 30, 1991
Interest	$ 2,797	$ 9,081
Income taxes	---	---

Disclosure of accounting policy:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

See accompanying notes to financial statements

INSTRUCTIVISION, INC.

NOTES TO INTERIM FINANCIAL STATEMENTS
March 31, 1992
(unaudited)

Note 1. Basis of Presentation

The financial statements included herein are unaudited. However, such information reflects all adjustments consisting of normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the statements for the interim periods.

The results of operations for the six months ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

Note 2. Earnings Per Share

Earnings (loss) per share is based on the weighted average number of common shares outstanding. The weighted average number of common shares was 3,350,000 for the period ended March 31, 1992 and 1991.

INSTRUCTIVISION, INC.
March 31, 1992

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

1. Material Changes in Financial Condition:

The working capital ratio as of March 31, 1992 is 2.9 : 1 as compared to 2.6 : 1 as of September 30, 1991.

2. Material Changes in Results of Operations:

The Company has completed its new book/software series for the New Jersey high school market, "HSPT Success" and "EWT Success." The result has been an increase in sales during the first two quarters of the current fiscal year over the previous fiscal year. Management hopes that the trend will continue and has increased its marketing efforts through direct mailing and participation in conventions and seminars.

The Company's sales increased over the previous year's second quarter. Sales increased from $227,2230 for the quarter ending March 31, 1991 to $275,738 for the quarter ending March 31, 1992. The company will continue its emphasis on new product development combined with an agressive marketing and sales effort.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INSTRUCTIVISION, INC.

Date: May 15, 1992

By: ______________________
Jay Comras
President

By: ______________________
Rosemary Comras
Secretary/Treasurer

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File Number 0-19594

INSURANCE AUTO AUCTIONS, INC.
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or organization)

95-3790111
IRS Employer Identification

7245 Laurel Canyon Boulevard, North Hollywood, California
(Address of principal executive offices)

91605
(zip code)

Registrant's telephone number, including area code (818) 764-3[illegible]00

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X. No ____.

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date.

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Class	Outstanding at March 31, 1992
Common Stock, $.001 par value	6,120,280

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INSURANCE AUTO AUCTIONS, INC.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31, 1991	March 31, 1992 (Unaudited)
Current Assets:		
Cash and cash equivalents	$ 5,862,700	$ 2,893,000
Short-term investments	4,787,200	4,794,000
Accounts receivable, net	1,659,400	1,988,500
Inventories	2,298,600	2,590,200
Other current assets	1,234,500	574,700
Total current assets	15,842,400	12,840,400
Property and equipment, at cost		
Land	202,200	202,200
Furniture and fixtures	112,100	126,600
Machinery and equipment	326,800	954,700
Leasehold improvements	1,225,800	1,253,300
	2,366,900	2,536,800
Less accumulated depreciation and amortization	1,150,300	1,229,500
Net property and equipment	1,216,600	1,307,300
Note receivable from officer/shareholder	1,200,000	1,200,000
Other assets	341,600	4,416,200
	$ 18,600,600	$ 19,763,900

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 1991	March 31, 1992 (Unaudited)
Current liabilities:		
Current installments of long-term debt	$ 23,200	$ 480,800
Accounts payable	2,855,000	2,754,000
Accrued liabilities	630,300	753,800
Bonus payable	1,012,600	14,200
Customer deposits	399,800	482,900
Total current liabilities	4,920,900	4,485,700
Long-term debt, excluding current installments	—	916,700
Total liabilities	4,920,900	5,402,400
Shareholders' equity:		
Preferred stock, par value of $.001 per share. Authorized 5,000,000 shares; none issued	—	—
Common stock, par value $.001 per share. Authorized 20,000,000 shares; issued and outstanding 6,120,280 shares	6,100	6,100
Additional paid-in capital	26,996,600	26,996,600
Accumulated deficit	(13,323,000)	(12,641,200)
Net shareholders' equity	13,679,700	14,361,500
	$ 18,600,600	$ 19,763,900

See accompanying notes to condensed consolidated financial statements.

INSURANCE AUTO AUCTIONS, INC.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Month Period Ended March 31,	
	1991	1992
Net sales	$9,697,800	$12,967,800
Cost of sales	7,833,900	10,469,700
Gross profit	1,863,900	2,498,100
Operating expenses:		
Direct	1,310,500	1,626,700
Amortization of certain acquisition costs	256,400	15,700
Earnings from operations	297,000	855,700
Interest expense	289,300	19,100
Interest (income)	(44,100)	(137,300)
Earnings before income taxes	51,800	973,900
Income taxes	21,000	292,100
Net earnings	$ 30,800	$ 681,800
Net earnings (loss) per common and common equivalant shares	$ (0.06)	$ 0.11
Weighted average common and common equivalent shares outstanding	3,750,000	6,120,280

See accompanying notes to condensed consolidated financial statements.

INSURANCE AUTO AUCTIONS, INC.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Month Period Ended March 31,	
	1991	1992
Cash flows from operating activities:		
Net earnings	$ 30,800	$ 681,800
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	111,800	79,200
Minority interest in net earnings of subsidiary	5,900	—
Change in assets and liabilities (net of effects of acquired company):		
(Increase) decrease in:		
Accounts receivable	(94,500)	244,100
Inventories	(97,100)	(114,100)
Other current assets	(84,800)	434,300
Other assets	387,000	166,200
Increase (decrease) in:		
Accounts payable	(646,400)	(142,000)
Accrued liabilities	59,200	123,500
Bonus payable	111,700	(998,400)
Customer deposits	32,500	83,100
Total adjustments	(214,700)	(124,100)
Net cash provided by (used in) operating activities	(183,900)	557,700
Cash flows from investing activities:		
Payment made in connection with acquired company	—	(4,750,000)
Capital expenditures	(370,000)	(144,900)
Short-term investments	—	(6,800)
Net cash used in investing activities	(370,000)	(4,901,700)
Cash flows from financing activities:		
Principal payments of notes payable to bank and long-term debt	(159,500)	(700)
Proceeds from issuance of long-term debt	—	1,375,000
Net cash provided by (used in) financing activities	(159,500)	1,374,300
Net decrease in cash	(713,400)	(2,969,700)
Cash and cash equivalents at beginning of period	3,045,700	5,862,700
Cash and cash equivalents at end of period	$2,332,300	$ 2,893,000

See accompanying notes to condensed consolidated financial statements.

INSURANCE AUTO AUCTIONS, INC.
AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. General

The unaudited operating results have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation for the periods. The results of operations for interim periods are not necessarily indicative of results to be achieved for full fiscal years.

As contemplated by the Securities and Exchange Commission under Rule 10-01 of Regulation S-X, the accompanying consolidated financial statements and related notes have been condensed and do not contain certain information included in the Company's annual consolidated financial statements and notes thereto.

2. Acquisition of M & M Auto Storage Pool, Inc.

In January 1992, the Company, through its wholly owned subsidiary MASP Acquisition Corp., acquired certain net assets, as defined, including fixed assets, accounts receivable, goodwill and inventory of M & M Auto Storage Pool, Inc. (M & M) and acquired a ten year option to purchase 35 acres of land on which M & M is located. The consideration consisted of a combination of $2,975,000 in cash and a $1,375,000 promissory note, subject to adjustment. This acquisition is accounted for as a purchase, and the results of M & M's operations are included in the Company's consolidated financial statements subsequent to the date of acquisition for financial reporting purposes. Pro forma results of operations for the periods ended March 31, 1992 and March 31, 1991, assuming the acquisition occurred at the beginning of the respective period, would not materially differ from the results of operations presented herein.

3. Income Taxes

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, which adopts significant changes that apply to all companies that are subject to income taxes. The Company adopted the provisions of SFAS No. 109 effective January 1, 1992. The application of SFAS No. 109 has an immaterial effect on the Company's consolidated financial statements for periods prior to January 1, 1992.

One of the provisions of SFAS No. 109 enables companies to record deferred tax assets for the benefit to be derived from the utilization of net operating loss carryforwards. Accordingly, the Company recognized a deferred tax asset of $1,428,000 and related valuation allowance of $1,428,000 as of January 1, 1992. Since the Company recognized taxable income during the three-month period ended March 31, 1992, the valuation allowance was reduced by approximately $100,000.

Income taxes for the three-month period ended March 31, 1992 were computed using the effective tax rate estimated to be applicable for the full fiscal year, which is subject to ongoing review and evaluation by management.

4. Earnings (Loss) Per Share

Net earnings (loss) per share is based on the weighted average number of shares of common and common stock equivalents outstanding. Net earnings in 1991 for purposes of calculating net earnings (loss) per share were reduced by the accretion of common stock purchase warrants. These warrants were exercised in 1991 and are no longer outstanding.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Three Months Ended March 31, 1992 Compared to Three Months Ended March 31, 1991

Net sales of Insurance Auto Auctions, Inc. (the "Company") increased from $9,698,000 for the three-month period ended March 31, 1991 to $12,968,000 for the comparable three-month period in 1992, a 33.7% increase. Sales were higher due to the inclusion of sales from the San Diego branch, which opened following the first quarter of 1991, increased unit volume and higher selling prices from branches that were open throughout 1991 and the acquisition of M & M Auto Storage Pool, Inc., an Arizona corporation, during the first quarter of 1992.

Gross profit margin remained essentially unchanged from 19.2% for the three-month period ended March 31, 1991 to 19.3% for the comparable three-month period in 1992. Favorable trends in gross profit margins due to an increased proportion of consignment sales were offset by lower than average gross profit margins at the San Diego branch that resulted from low capacity utilization.

Direct operating expenses increased from $1,311,000 in the three-month period ended March 31, 1991 to $1,626,000 for the comparable three-month period in 1992, a 24% increase. The increase in direct operating expenses was a result of costs associated with M & M and the increased accounting, legal and other costs associated with being a public company. In addition, the Company has made additional investments in management personnel and related infrastructure to support future growth. Direct operating expenses as a percentage of net sales decreased to 12.6% for the three-month period ended March 31, 1992 from 13.5% in the comparable three-month period in 1991.

The decrease in other operating expenses from $256,000 in the three-month period ended March 31, 1991 to $16,000 for the comparable three-month period in 1992 is attributable to the termination following the first quarter of 1991 of a 1990 employment agreement entered into with the Company's founder and the concurrent write-off of the covenant not-to-compete contained in such agreement.

Net interest expense decreased from $289,000 for the three-month period ended March 31, 1991 to $19,000 for the comparable three-month period ended March 31, 1992, while interest income increased from $44,000 for the three-month period ended March 31, 1991 to $137,000 for the comparable three-month period in 1992. The changes in interest income and interest expense were attributable to the Company's initial public offering consummated in November 1991, a portion of the net proceeds of which were used to repay indebtedness, with the remainder being invested in interest-bearing securities.

Income taxes were computed using the effective tax rate estimated to be applicable for the full fiscal year, which is subject to ongoing review and evaluation by management. Effective January 1, 1992, the Company adopted the provisions of Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes." The effect was to reduce income tax expense by approximately $100,000 for the three-month period ended March 31, 1992.

Net earnings increased from $31,000 for the three-month period ended March 31, 1991 to $682,000 for the comparable three-month period in 1992.

Liquidity and Capital Resources

At March 31, 1992, the Company had working capital of $8,355,000, including $7,687,000 of cash, cash equivalents and short-term investments. The decrease in working capital from December 31, 1991 to March 31, 1992 was principally related to funds used in connection with the acquisition of M & M in January 1992 and the $1,000,000 bonus paid to Mr. Scott.

On January 30, 1992, the Company's wholly owned subsidiary, MASP Acquisition Corp., acquired substantially all of the assets and certain liabilities of M & M Auto Storage Pool, Inc., an Arizona corporation, and a 10-year option to purchase 35 acres of land on which M & M is located. The consideration consisted of a combination of $2,975,000 in cash and a $1,375,000 three-year promissory note guaranteed by the Company, secured by substantially all of M & M's assets and bearing interest at Bank of America N.T. & S.A.'s prime rate. At March 31, 1992, the Company's only other indebtedness consisted of a mortgage note payable in the amount of $23,000.

The Company does not require substantial amounts of working capital. Inventory and accounts receivable are largely financed with accounts payable. The Company's payment policy requires cashier's check, cash or, in the case of high volume customers, pre-approved checks. These policies, combined with the Company's ability to process, market, sell and receive payments for its vehicles quickly, allow the Company to receive cash from sales at approximately the same time it pays suppliers under its purchase agreements.

Capital expenditures were approximately $145,000 during the three months ended March 31, 1992. The principal requirements for the Company's capital expenditures have been opening and expanding facilities and acquiring tow trucks. The Company currently leases all of its facilities and other properties, except for a portion of the storage facility in Colton, California, and intends to continue this policy in the foreseeable future.

The Company's results of operations have not been materially affected by inflation and are not subject to significant seasonal fluctuations.

Part II

Item 1 Legal Proceedings. None.

Item 2 Changes in Securities. None.

Item 3 Defaults upon Senior Securities. None.

Item 4 Submission of Matters to a Vote of Security Holders. None.

Item 5 Other Information. None

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

Exhibit 11.1	Statement of computation of net earnings (loss) per common and common equivalent shares

(b) Report on Form 8-K.

On January 31, 1992, the Company filed a current report on Form 8-K reporting under Item 2 the Company's purchase on January 30, 1992 through its wholly-owned subsidiary MASP Acquisition Corp., a Delaware corporation, from M & M Auto Storage Pool, Inc., an Arizona corporation and its shareholders (collectively, "M & M"), M & M's auto salvage pool operations pursuant to an asset purchase transaction and, under Item 7 exhibits relating to the purchase.

On April 14, 1992, the Company filed Form 8 Amendment Number 1 to the Current Report on Form 8-K filed January 31, 1992 reporting under Item 7 the following financial statements and proforma financial information:

(1) Financial Statements of Business Acquired, M & M Auto Storage Pool, Inc., an Arizona corporation

  (i) Report of Independent Public Accountants

  (ii) Statements of Assets and Liabilities at June 30, 1991 and 1990

  (iii) Statements of Operations for the years ended June 30, 1991 and 1990

(iv) Statements of Cash Flows for the years ended June 30, 1991 and 1990

(v) Notes to Financial Statements for the years ended June 30, 1991 and 1990

(2) Pro forma Financial Information, Insurance Auto Auctions, Inc.

(i) Pro forma Consolidated Balance Sheet as of December 31, 1991 (unaudited)

(ii) Pro forma Consolidated Statement of Operations for the year ended December 31, 1991(unaudited)

(iii)Notes to Pro forma Consolidated Financial Statements (unaudited)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INSURANCE AUTO AUCTIONS, INC.

Date: May 13, 1992

William W. Liebeck
Executive Vice President

(Duly Authorized Officer)

Date: May 13, 1992

Steven M. Johnson
Vice President, Finance and
Chief Financial Officer

(Principal Financial and
Accounting Officer)

Exhibit 11.1

INSURANCE AUTO AUCTIONS, INC.
AND SUBSIDIARIES

STATEMENT OF COMPUTATION OF NET EARNINGS PER COMMON AND COMMON EQUIVALENT SHARES
(Unaudited)

	Three Month Period Ended March 31,	
	1991	1992
Net earnings	$ 30,800	$ 681,800
Accretion of common stock purchase warrants issued	246,500	—
	$ (215,700)	$ 681,800
Weighted average common and common equivalent shares outstanding	3,750,000	6,120,280
Net earnings (loss) per share	$ (.06)	$ .11

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarter ended September 30, 1991   Commission File No. 0-19312

MEDAREX, INC.
(Exact name of registrant as specified in its charter.)

New Jersey (State or other jurisdiction of incorporation or organization)	22-2822175 (IRS Employer Identification No.)
22 Chambers Street, Princeton, New Jersey (Address or principal executive offices)	08542 (Zip Code)

Registrant's telephone number, including area code: (609) 921-7121

Indicate by check mark whether registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

The number of shares of common stock, $.01 par value, outstanding as of November 7, 1991 was 4,931,300 shares.

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Part I - Financial Information
Item I - Financial Statements

MEDAREX, INC.
(A Development Stage Enterprise)
BALANCE SHEETS

ASSETS	December 31, 1990	(Unaudited) September 30, 1991
Current assets:		
Cash and cash equivalents	$ 318,236	$ 11,968,871
Trade accounts receivable, less allowance for doubtful accounts of $2,750	27,033	46,275
Inventory	23,623	16,248
Prepaid expenses and other current assets	20,702	106,335
Total current assets	389,594	12,137,729
Property and equipment:		
Machinery and equipment	298,440	382,396
Furniture and fixtures	24,372	35,422
Leasehold improvements	55,132	55,132
Construction in progress	—	4,797
	377,944	477,747
Less accumulated depreciation and amortization	(147,346)	(206,977)
	230,598	270,770
Other assets	5,031	6,424
Total assets	$ 625,223	$ 12,414,923

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 1990	(Unaudited) September 30, 1991
Current liabilities:		
Notes payable	$ 100,000	$ 475,000
Trade accounts payable and accrued liabilities	51,410	81,599
Deferred income	83,333	62,500
Total current liabilities	234,743	619,099
Advance royalty from CNTS	300,000	—
Stockholders' equity:		
Preferred stock, $1.00 par value; 2,000,000 shares authorized; none issued and outstanding	—	—
Common Stock, $.01 par value; 20,000,000 shares authorized; 2,988,300 and 5,351,300 shares issued, respectively	29,883	53,513
Capital in excess of par value	942,367	13,046,112
Deficit accumulated during development stage	(879,770)	(1,301,801)
	92,480	11,797,824
Less: treasury stock at cost, 420,000 shares	(2,000)	(2,000)
Total stockholders' equity	90,480	11,795,824
Total liabilities and stockholders' equity	$ 625,223	$ 12,414,923

The accompanying notes are an integral part of these financial statements.

MEDAREX, INC.
(A Development Stage Enterprise)
STATEMENTS OF OPERATIONS
(Unaudited)

	Nine Months Ended		Three Months Ended		Period from July 15, 1987 (inception) to
	September 30, 1990	September 30, 1991	September 30, 1990	September 30, 1991	September 30, 1991
Sales	$ 141,133	$ 273,408	$ 43,120	$ 90,603	$ 654,903
Contract and license revenues	681,849	728,158	277,539	63,194	2,185,369
Total revenues	822,982	1,001,566	320,659	153,797	2,840,272
Costs and expenses:					
Cost of sales	15,847	38,933	5,159	13,409	93,161
Research and development	650,372	865,353	224,472	370,696	3,002,471
General and administrative	306,744	499,464	115,783	223,830	1,146,124
Operating loss	(149,981)	(402,184)	(24,755)	(454,138)	(1,401,484)
Interest income	39,696	202,996	19,989	177,054	303,776
Interest expense	(7,500)	(222,843)	(3,750)	(6,301)	(204,093)
Net loss	$ (117,785)	$ (422,031)	$ (8,516)	$ (283,385)	$ (1,301,801)
Net loss per share	$ (0.05)	$ (0.12)	$ (0.00)	$ (0.06)	
Weighted-average number of common shares outstanding during the period	2,550,800	3,484,183	2,557,800	4,931,300	

The accompanying notes are an integral part of these financial statements.

MEDAREX, INC.
(A Development Stage Enterprise)
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30, 1990	For the Nine Months Ended September 30, 1991	Period from July 15, 1987 (inception) to September 30, 1991
Operating activities:			
Net loss	$ (117,785)	$ (422,031)	$ (1,301,801)
Adjustment to reconcile net loss to net cash from operating activities:			
Depreciation and amortization	60,504	59,904	208,465
Non cash interest expense		180,000	180,000
Changes in operating assets and liabilities:			
Increase in trade accounts receivable, net	(2,334)	(19,242)	(46,275)
(Increase) decrease in inventory		7,375	(16,248)
Increase in prepaid and other current assets	(13,447)	(85,633)	(106,336)
Increase (decrease) in trade accounts payable and accrued liabilities	(16,597)	30,189	81,599
Increase (decrease) in deferred income and advance royalties	333,333	(320,833)	(237,500)
Net cash provided by (used in) operating activities	243,674	(570,271)	(1,238,092)
Investing activities:			
Purchase of property and equipment	(84,301)	(99,803)	(477,747)
Increase in other assets		(1,666)	(1,666)
Net cash used in investing activities	(84,301)	(101,469)	(479,413)
Financing activities:			
Cash received from shareholders in connection with purchase of Essex Medical Products, Inc. and shares of the Company's common stock			464,000
Proceeds from Initial Public Offering of common stock, warrants and redeemable warrants		11,947,375	11,947,376
Proceeds from issuance of debentures			600,000
Proceeds of bridge financing		300,000	300,000
Repayment of bridge financing		(300,000)	(300,000)
Loans from CNTS		475,000	475,000
Loan from EMP	2,000		
Payment of note payable to Essex Chemical		(100,000)	(100,000)
Advance royalty from CNTS			300,000
Net cash provided by financing activities	2,000	12,322,375	13,686,376
Net increase in cash	161,373	11,650,635	11,968,871
Cash and cash equivalents at beginning of period	333,407	318,236	0
Cash and cash equivalents at end of period	$ 494,780	$ 11,968,871	$11,968,871
Supplemental disclosures of cash flow information			
Cash paid during period for:			
Income taxes	$ 0	$ 0	$ 0
Interest	$ 7,500	$ 36,542	$ 47,792
Cash received during period for:			
Interest	$ 39,696	$ 202,996	$ 303,776

The accompanying notes are an integral part of these financial statements

MEDAREX, INC.
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. Organization and basis of presentation

The unaudited financial statements have been prepared from the books and records of Medarex, Inc. (the "Company") in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Interim results are not necessarily indicative of the results that may be expected for the year.

2. Net loss per common share

Net loss per common share is based on net loss for the relevant period divided by the weighted average number of shares issued and outstanding during the period. Stock options and common stock issuable upon conversion of warrants are not reflected as their effect would be antidilutive for both primary and fully diluted earnings per share computations.

3. Inventory

Inventory consists primarily of antibodies to be sold to the research community and is stated at the lower of cost or market with cost determined on a first-in-first-out basis.

4. Cash flow information

For purposes of cash flows, the Company considers all highly liquid securities with original maturities of three months or less to be cash equivalents.

5. Revenue recognition

During the three month period ended September 30, 1991, the Company recognized $62,500 of the remaining unrecognized contract revenue paid by CNTS in January of 1991. As of September 30, 1991, $62,500 of the

5. Revenue recognition (con't)

original $250,000 amount remains to be recognized evenly during the remaining three months of 1991.

6. Income taxes

The Company projects that it will not have taxable income for the year ended December 31, 1991, and accordingly, no taxes have been provided at September 30, 1991.

7. Notes payable

The Company has recorded $250,000 received from CNTS in January (the "January Note") and $225,000 received from CNTS in July (the "July Note") as notes payable. Under the terms of the Company's agreement with CNTS, if and when certain scientific milestones are met, these loans shall be cancelled and the sums advanced converted into revenue to the Company. Until the scientific milestones are met, the January Note will accrue interest from July 1, 1991 at the rate of 10% per annum. If the scientific milestones are not met, the January Note will be repayable in 36 equal monthly installments, including accrued and unpaid interest, commencing on January 8, 1993. The Company has notified CNTS that it believes it has met the contract scientific milestone required by the January Note. While CNTS evaluates the data, the Company will continue to accrue interest on the January Note.

Under the terms of the July Note, CNTS was to advance $250,000 to the Company. In fact, $225,000 was advanced and CNTS withheld $25,000 to pay French tax if owed on amounts advanced to the Company. The Company does not believe it has a liability for French taxes and has requested the additional $25,000 from CNTS. Interest does not begin to accrue on the July Note until January 1, 1992 on which date it shall bear interest at the rate of 10% per annum. If the scientific milestones are not met before July 1, 1993, it shall be repayable in 36 equal monthly installments commencing on July 1, 1993.

8. Commitments

In connection with the merger of EMP and Medarex, Medarex issued promissory notes to Essex in the principal amount of $100,000, which have been subsequently repaid, and committed to pay 20% of the Company's net after tax income until a total of $1,000,000 has been paid. At the Company's option, this obligation may be satisfied by the payment of shares of the Company's Common Stock having a fair market value equal to the amount owed, provided such shares are registered for sale with the Securities and Exchange Commission. Amounts up to $1,000,000 will be payable to Essex,

8. **Commitments (con't)**

based solely on the earnings of the Company, by March 31 of each year, to the extent of 20% of net after tax earnings of the Company realized during the preceding fiscal year.

On August 1, 1991 the Company signed a lease for corporate office space for a five year period beginning October 1, 1991. Annual rent expense is $72,500 per year, with increases of approximately 5% during years four and five.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources

The Company had approximately $12.0 million in cash and cash equivalents as of September 30, 1991. Operating activities consumed approximately $570,000 of cash for the nine month period ended September 30, 1991.

On June 20, 1991 the Company sold 2,300,000 shares of common stock for $6.00 per share and 2,645,000 redeemable warrants for $0.10 per redeemable warrant in a public offering and 230,000 warrants tc underwriters for $0.001 per warrant resulting in net proceeds to the Company of approximately $12 million.

To date the Company's sources of cash have been the proceeds from the sale of its securities through public and private placements, sales of its products for research purposes, technology transfer and license fees, including such fees from CNTS. CNTS has agreed to make additional payments of $950,000 to the Company in 1992, $250,000 of which will be in the form of research and development payments and $700,000 of which will be in the form of unsecured loans. Such loans are convertible at the Company's option into advance royalties under the license agreements with CNTS upon satisfaction of certain research and development milestones. While no assurances can be given, management believes that the Company will achieve such milestones and, thereupon, intends to convert such loans into advance royalty payments.

The Company's current sources of liquidity are its cash, cash equivalents, interest earned on such cash equivalents, sales of its products for research, and license and research fees. Management believes that under existing operating plans its current sources of liquidity will be sufficient to meet anticipated cash requirements for at least the next 18 months. As of September 30, 1991, the Company had commitments for approximately $57,000 of capital expenditures.

Upon exhaustion of its current cash reserves, the Company's continued operations will depend on its ability to raise additional funds through equity or debt financing and/or enter into licensing or joint development agreements, including collaborative research and development arrangements with large pharmaceutical companies pursuant to which certain costs associated with the regulatory approval process for certain of its products would be borne by the licensees or joint developers. There can be no assurance that these sales or financing activities will be successful.

Results of Operations

Nine months ended September 30, 1990 and 1991

Revenue for the nine month period ended September 30, 1991 increased by $178,584, a 22% increase from the nine month period ended September 30, 1990 due to the recognition of $120,000 in connection with the termination of a license agreement and increased sales of research products. The increase in research product sales is largely attributable to an increase in volume. The Company's cost of sales increased by $23,086 for the first nine months of 1991 as compared to the first nine months of 1990, a 46% increase. This increase was largely the result of increased sales of the Company's research products.

Research and development expenses increased by $214,981 during the first nine months of 1991, a 33% increase from the first nine months of 1990. The increase was primarily due to increased personnel costs.

General and administrative expenses increased by $192,720 for the first nine months of 1991, a 63% increase from the first nine months of 1990. The increase is primarily attributable to increased personnel costs and professional fees.

Three months ended September 30, 1990 and 1991

Revenues for the three month period ended September 30, 1991 declined by $166,862, a 52% decrease from the three month period ended September 30, 1990. The reduction in contract and license revenue, which is offset by increased sales revenue, was principally the result of a change in the method by which CNTS funds the Company's research and development efforts. Under the new arrangement funds advanced are treated as loans to the Company until certain scientific milestones are achieved at which time the loan is forgiven and the Company recognizes income. During the three month period ended September 30, 1991 the Company notified CNTS that it believed a scientific milestone had been achieved with regard to $250,000 that had been advanced by CNTS in January of 1991, (the "January Note"). While CNTS evaluates the data the Company will continue to classify the January Note as a loan. If CNTS agrees that the Company achieved a scientific milestone, the Company will recognize $250,000 of income. The Company's cost of sales increased by $8,250 during the three months ended September 30, 1991, a 160% increase from the three month period ended September 30, 1990.

The increase was largely the result of increased sales of the Company's research products.

Research and development expenses increased $146,224 during the three month period ended September 30, 1991, a 65% increase from the three month period ended September 30, 1990. The increase was primarily due to increased personnel costs and consulting fees.

General and administrative expenses increased $108,047 for the three month period ended September 30, 1991, a 93% increase from the three month period ended September 30, 1990. The increase was primarily due to increased professional fees, personnel costs and insurance costs.

Part II - Other Information

Item 6. Exhibits and reports on Form 8-K

(a) Exhibits - None

(b) Reports on Form 8-K:

Form 8-K filed on August 9, 1991 reporting the hiring of Michael A. Appelbaum as Vice President and Chief Financial Officer of the Company, and disclosing the terms of Mr. Appelbaum's employment contract.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MEDAREX, INC.
(Registrant)

Date: November 12, 1991

By. ______________________
Michael A. Appelbaum
Vice President and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

8/5

For Quarter Ended March 31, 1992 Commission File Number 2-94117-D

L92-2235

MICROTECH MEDICAL SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

COLORADO	84-0867911
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

401 Laredo Street, Unit I, Aurora, Colorado 80011
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code (303) 363-0007

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X
No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Number of shares outstanding at May 12, 1992
Common stock, $.0005 par value	50,080,900 shares

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*** The accompanying financial statements are not covered by an independent certified public accountant's report.**

MICROTECH MEDICAL SYSTEMS, INC.

BALANCE SHEETS
(Unaudited)

	MARCH 31, 1992	DECEMBER 31, 1991
ASSETS		
CURRENT ASSETS:		
Cash, including interest bearing deposits	$ 450,236	$ 420,030
Accounts receivable	118,297	98,191
Inventory	56,790	47,168
Total current assets	625,323	565,389
PROPERTY AND EQUIPMENT, at cost	143,346	143,346
Less accumulated depreciation	(128,437)	(126,788)
Net property and equipment	14,909	16,558
OTHER ASSETS	903	1,075
	$ 641,135	$ 583,022
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade	$ 19,281	$ 19,989
Other current liabilities	4,524	4,160
Total current liabilities	23,805	24,149
STOCKHOLDERS' EQUITY:		
Common stock, $.0005 par value; authorized 200,000,000 shares, 50,080,900 and 33,594,900 shares issued and outstanding, respectively	25,040	25,040
Capital in excess of par value	838,706	838,705
Accumulated deficit	(246,416)	(304,872)
Total stockholders' equity	617,330	558,873
	$ 641,135	$ 583,022

See accompanying notes to financial statements.

MICROTECH MEDICAL SYSTEMS, INC.

STATEMENTS OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 1992
(Unaudited)

	MARCH 31.	
	1992	1991
SALES	$134,723	$ 86,497
COST OF GOODS SOLD	59,358	37,658
GROSS PROFIT	75,365	48,839
OPERATING EXPENSES	22,000	13,790
OPERATING PROFIT	53,365	35,049
OTHER INCOME (EXPENSE):		
Interest income	3,428	4,983
Other, Net	1,663	-
NET PROFIT	$ 58,456	$ 40,032
NET PROFIT PER SHARE	$ .0012	$ .0007
WEIGHTED AVERAGE SHARES OUTSTANDING (000'S omitted)	50,081	50,081

See the accompanying notes to financial statements.

MICROTECH MEDICAL SYSTEMS, INC.

STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 1992
(Unaudited)

	MARCH 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	$ 58,456	$ 40,032
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,649	1,068
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(20,106)	(398)
Other assets	172	167
Inventory	(9,622)	176
Increase (decrease) in:		
Accounts payable	(708)	(19,469)
Deferred revenue	-	(8,425)
Accrued expenses	365	112
Net cash used in operating activities	30,206	13,263
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,206	13,263
CASH AND CASH EQUIVALENTS, beginning of period	420,030	280,081
CASH AND CASH EQUIVALENTS, end of period	450,236	293,344

See accompanying notes to financial statements.

MICROTECH MEDICAL SYSTEMS, INC.

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. **GENERAL**:

Microtech Medical Systems, Inc. (the Company) has elected to omit substantially all other notes to the financial statements. These interim financial statements should be read in conjunction with the Company's annual report and report on Form 10-K for the year ended December 31, 1991.

2. **UNAUDITED INFORMATION**:

The information furnished herein was taken from the books and records of the Company without audit. However, such information reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to reflect properly results of interim periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the year.

MICROTECH MEDICAL SYSTEMS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Unaudited)

FINANCIAL CONDITION

As of March 31, 1992, the Company's working capital was $601,518, an increase of $ 60,278 compared to $ 41,264 for the quarter ended March 31, 1991. The Company has an increase in accounts receivable, primarily due to increased sales volume. Inventories increased due to replenishing an inventory item that is purchased once every two years.

RESULTS OF OPERATIONS

The profit for the quarter ended March 31, 1992 was $ 58,456, compared to a profit of $ 40,032 for the quarter ended March 31, 1991. The profit is attributable to increased sales as a result of improved marketing of the Company's products.

PART II - OTHER INFORMATION

Item 1 Through 6(a) - No response required.

Item 6(b). No reports were filed on Form 8-K during the quarter ended March 31, 1992.

SIGNATURE

Pursuant to the requirements of The Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MICROTECH MEDICAL SYSTEMS, INC.
(Registrant)

DATE: May 14, 1992

BY: Jerry B Kilgore
Jerry Kilgore, President

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 1992 Commission file number 2-99779

M92-2235

NCB
National Cooperative Bank

National Consumer Cooperative Bank
(Exact name of registrant as specified in its charter)

United States of America (12 U.S.C. Section 3001 et seq.) (State or other jurisdiction of incorporation or organization)	52-1157795 (I.R.S. Employer Identification No.)

1401 Eye St., NW, Suite 700, Washington, D.C. 20005
(Address of principal executive offices)

Registrant's telephone number, including area code (202)336-7700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No ______.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

	Outstanding at March 31, 1992
Class C (Common stock, $100.00 par value)	212,014
Class B (Common stock, $100.00 par value)	612,637
Class D (Common stock, $100.00 par value)	1

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National Consumer Cooperative Bank
(doing business as National Cooperative Bank)
and Subsidiaries

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PART II OTHER INFORMATION

No applicable items

NATIONAL COOPERATIVE BANK
CONSOLIDATED BALANCE SHEETS
March 31, 1992 and December 31, 1991

Assets	1992	1991
Cash and cash equivalents	$ 36,375,373	$ 35,766,854
Trading account securities, at market	22,409,557	23,755,131
Loans and lease financing	415,795,824	410,320,123
Loans held for sale	44,558,278	41,828,667
Less: Allowance for possible credit losses	(9,348,326)	(8,706,011)
	451,005,776	443,442,779
Premises and equipment, net of accumulated depreciation of $3,967,346 in 1992 and $3,443,178 in 1991	1,559,198	1,660,549
Accrued interest receivable	3,161,052	3,217,742
Other assets	9,791,287	9,332,202
Total assets	$524,302,243	$517,175,257
Liabilities and Members' Equity		
Liabilities		
Interest-bearing liabilities		
Deposits	$ 41,498,482	$ 41,177,810
Short-term borrowings	78,059,567	74,061,796
Long-term debt		
Current	7,000,000	
Non-current	90,146,715	97,162,607
Other borrowings	5,313,166	5,526,895
Subordinated Class A notes	183,325,288	184,747,617
	405,343,218	402,676,725
Accounts payable	431,422	1,070,362
Accrued interest payable	9,239,072	4,361,814
Other accrued expenses	1,491,052	2,367,170
Deferred income	623,392	863,338
Patronage dividends payable in cash	3,377,539	2,667,879
Total liabilities	420,505,695	414,007,288
Members' Equity		
Common stock		
Class B	61,263,701	61,106,271
Class C	21,201,424	21,201,324
Class D	300	300
Retained earnings		
Allocated	6,402,220	5,534,858
Unallocated	14,928,903	15,325,216
Total members' equity	103,796,548	103,167,969
Total liabilities and members' equity	$524,302,243	$517,175,257

The accompanying condensed notes are an integral part of these financial statements.

NATIONAL COOPERATIVE BANK

CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended March 31, 1992 and 1991

	1992	1991
Interest income		
Loans and lease financing	$10,388,696	$11,267,646
Investment and trading account securities	716,127	941,143
Total interest earned	11,104,823	12,208,789
Interest expense	6,077,147	7,299,322
Net interest income	5,027,676	4,909,467
Provision for possible credit losses	661,545	767,157
Net interest income after provision for possible credit losses	4,366,131	4,142,310
Non-interest income	997,626	753,685
Net revenue	5,363,757	4,895,995
Non-interest expenses		
Salaries and employee benefits	2,008,056	1,716,976
Contractual services	798,002	423,452
Occupancy and equipment expenses	780,471	735,196
Contribution to NCB Development Corporation	131,535	149,882
Other expenses	370,028	430,629
Total non-interest expenses	4,088,092	3,456,135
Income before income taxes	1,275,665	1,439,860
Provision for income taxes	94,353	90,920
Net income	$ 1,181,312	$ 1,348,940
Distribution of net income		
Patronage dividends	$ 1,577,022	$ 1,051,188
Retained earnings	(395,710)	297,752
	$ 1,181,312	$ 1,348,940

The accompanying condensed notes are an integral part of these financial statements.

NATIONAL COOPERATIVE BANK

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 1992 and 1991

	1992	1991
Cash flows from operating activities		
Interest received	$11,207,121	$12,210,757
Commitment charges and other fees received	171,948	350,855
Proceeds from sales of loans	20,802,795	23,663,221
Loans originated for sales	(24,339,134)	(28,770,472)
Gain (loss) on hedge of loans held for sale	11,910	(193,868)
Decrease in trading account securities, net	1,002,523	
Interest paid	(1,210,053)	(3,560,284)
Cash paid to suppliers and employees	(5,938,089)	(5,694,247)
Net cash provided by (used in) operating activities	1,709,021	(1,994,038)
Cash flows from investing activities		
Proceeds from sales of investment securities		16,935,790
Proceeds from maturities of investment securities		3,000,000
Purchase of investment securities		(17,930,838)
Net (increase) decrease in loans and lease financing	(3,819,621)	16,751,083
Capital expenditures	(115,068)	(146,317)
Net cash (used in) provided by investing activities	(3,934,689)	18,609,718
Cash flows from financing activities		
Net increase in deposits	321,557	2,523,288
Net increase (decrease) in short-term borrowings	3,981,879	(50,207)
Repayment on long-term debt		(6,250,000)
Repayment on subordinated Class A notes	(1,413,050)	
Repayment on other borrowings	(213,729)	(923,412)
Proceeds from issuance of common stock	260,430	272,135
Redemption of common stock	(102,900)	(31,660)
Net cash provided by (used in) financing activities	2,834,187	(4,459,856)
Increase in cash and cash equivalents	608,519	12,155,824
Cash and cash equivalents, beginning of year	35,766,854	20,374,405
Cash and cash equivalents, end of period	$36,375,373	$32,530,229

The accompanying condensed notes are an integral part of these financial statements.

NATIONAL COOPERATIVE BANK

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

For the Three Months Ended March 31, 1992 and 1991

	1992	1991
Net income	$1,181,312	$ 1,348,940
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Decrease in accrued interest receivable	56,690	107,007
Net trading account activity	1,002,523	
Increase in loans held for resale	(3,536,339)	(5,107,251)
(Increase) decrease in other assets, net of real estate owned	(487,330)	619,842
Decrease in accounts payable and other accrued expenses	(1,515,058)	(2,961,562)
Increase in accrued interest payable	4,877,258	3,748,887
(Decrease) increase in deferred income	(239,946)	184,626
Provision for possible credit losses	661,545	767,157
Depreciation and amortization, net	246,216	206,147
Gain on sale of assets, net	(594,771)	(587,456)
Gain (loss) on hedge of loans held for sale	11,910	(193,868)
Other, net	45,011	(126,507)
Net cash provided by (used in) operating activities	$1,709,021	$(1,994,038)

The accompanying condensed notes are an integral part of these financial statements.

NATIONAL COOPERATIVE BANK

Condensed Notes to the Consolidated Financial Statements
March 31, 1992
(Unaudited)

The accompanying financial statements have been prepared without audit and reflect all adjustments (consisting only of normal recurring adjustments) which were, in the opinion of NCB, necessary to a fair statement of the results of the interim period presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Accordingly, these condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in NCB's most current annual report.

1. Cash, Cash Equivalents and Trading Account Securities

As of March 31, 1992, NCB's portfolio of trading account securities, cash and cash equivalents had an average adjusted maturity of 348 days with interest rates in those portfolios varying from 3.25% to 9.0%.

	March 31, 1992	
	Cash and Cash Equivalents	Trading Account Securities
Cash	$ 1,721,502	
Corporate bonds		$12,991,840
Federal funds	22,600,000	
Money market securities and commercial paper	6,466,112	
Eurodollar certificates and repurchase agreements	5,587,759	
US Treasury and agency obligations		9,417,717
	$36,375,373	$22,409,557

At March 31, 1992, the trading account securities portfolio was recorded at aggregate market value.

2. Loans, Lease Financing and Non-performing Assets

Loans and leases outstanding by category at March 31, 1992 were:

Commercial loans	$220,826,753
Lease financing	7,492,592
Real estate loans	
Construction	5,588,725
Residential	215,066,365
Commercial	11,379,667
	$460,354,102

At March 31, 1992 and December 31, 1991 real estate loans held for sale were $44.6 million and $41.8 million, respectively. The loan portfolio includes loans which were not currently accruing any interest. The total outstanding principal of these loans at March 31, 1992 and the effect on income for the three months ended March 31, 1992 is shown below:

Principal outstanding	$4,387,998
Gross amount of income which would have been recorded under original terms	$ 124,465
Less interest received	1,001
Interest not recorded	$ 123,464

The loan portfolio includes loans that are renegotiated with a reduced interest rate or with an extension of payment of interest and principal. The total outstanding principal of these loans at March 31, 1992 and the effect on income for the three months ended March 31, 1992 is shown below:

Principal outstanding	$2,454,834
Gross amount of income which would have been recorded under original terms	$ 80,366
Less interest received	45,035
Interest not recorded	$ 35,331

3. Allowance for Possible Credit Losses

The following is a transaction summary of the allowance for possible credit losses during the three months ended March 31, 1992:

Balance at December 31, 1991	$8,706,011
Provision for possible credit losses	661,545
Charge-offs	(28,269)
Recoveries of loans previously charged off	9,039
Balance at March 31, 1992	$9,348,326

The allowance for possible credit losses as a percentage of loans outstanding at March 31, 1992 was 2.0%.

NATIONAL COOPERATIVE BANK
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

SUMMARY

NCB's net income for the three months ended March 31, 1992 was $1.2 million. This was a 12.4% or $167,628 decrease over the three months ended March 31, 1991. The decrease primarily resulted from an increase in non-interest expenses of $631,957 offset by increases in non-interest income of $243,941 and net interest income of $118,209. For the period, NCB recorded unrealized losses on its trading account portfolio of $.4 million. There was no such unrealized losses required to be recorded in the first quarter of 1991.

Total assets increased by $7.1 million or 1.4% to $524.3 million at March 31, 1992 from $517.2 million at December 31, 1991. The increase resulted from an $8.2 million increase in loan and leases outstanding which was offset primarily by a $.7 million decline in cash and cash equivalents. Loans and leases outstanding at March 31, 1992 increased 1.8% to $460.3 million from $452.1 million at December 31, 1991.

NET INTEREST INCOME

Net interest income increased $0.1 million to $5.0 million from the same period the prior year. As shown on Table 1, the net yield on interest earning assets decreased to 3.95% from 4.04% as the growth in net interest earning assets outpaced growth in net interest income. As shown on Table 2, the impact of changes in interest rates on net interest income was mitigated by closely matching interest rate sensitivities of earning assets and liabilities.

Interest income decreased $1.1 million to $11.1 million for the three months ended March 31, 1992. Average rates on interest-earning assets decreased to 8.73% from 10.06% due to declining market rates. Declining average rates accounted for a $1.7 million negative variance partially offset by positive volume variance of $.6 million.

Interest expense decreased $1.2 million to $6.1 million for the three months ended March 31, 1992. Average rates on interest-bearing liabilities decreased to 6.08% from 7.72%. NCB was able to take advantage of declining interest rates because of its swap positions. The swap benefit for the three month period was $978,898.

Table 1
Rate Related Assets and Liabilities
(in thousands)

Three Months Ended March 31,

	1992			1991		
ASSETS	Average Balance	Income/ Expense	Yields/ Rates	Average Balance	Income/ Expense	Yields/ Rates
Interest-earning assets						
Real estate loans	$222,755	$ 5,436	9.76%	$186,208	$ 4,992	10.72%
Commercial loans & leases	232,898	4,953	8.51%	249,164	6,275	10.07%
Total loans and leases	455,653	10,389	9.12%	435,372	11,267	10.35%
Trading & investment securities and cash equivalents	53,381	716	5.37%	50,147	941	7.51%
Total interest-earning assets	509,034	11,105	8.73%	485,519	12,208	10.06%
Allowance for possible credit loss	(8,989)			(8,116)		
Non-interest earning assets						
Cash	2,018			1,622		
Other assets	14,846			13,027		
Total non-interest earning assets	16,864			14,649		
Total assets	$516,909			$492,052		
LIABILITIES AND MEMBERS' EQUITY						
Interest-bearing liabilities						
Subordinated Class A notes	$183,683	2,845	6.20%	$184,779	3,505	7.59%
Notes payable	174,660	2,690	6.16%	156,947	3,143	8.01%
Deposits	41,172	542	5.27%	36,697	651	7.10%
Total interest-bearing liabilities	399,515	6,077	6.08%	378,423	7,299	7.72%
Other liabilities	13,718			13,821		
Members' equity	103,676			99,808		
Total liabilities & members' equity	$519,909			$492,052		
Net interest revenue		$ 5,028			$ 4,909	
Net interest spread			2.64%			2.34%
Net yield on interest-earning assets			3.95%			4.04%

Table 2
Changes in Net Interest Income
(in thousands)

	March 31, 1992 compared to March 31,1991 Increase (decrease) due to changes in: Average Volume	 Average Yield	 Net
Interest income			
Cash equivalents and investment securities	$ 58	$ (282)	$(224)
Commercial loans and leases	(391)	(932)	(1,323)
Real estate loans	919	(476)	443
Total interest income	586	(1,690)	(1,104)
Interest expense			
Deposits	73	(182)	(109)
Notes payable	350	(802)	(452)
Subordinated Class A notes	(21)	(640)	(661)
Total interest expense	402	(1,624)	(1,222)
Net interest income	$ 184	$(66)	$ 118

NON-INTEREST INCOME

Non-interest income increased 32.4% to $1.0 million for the three months ended March 31,1992 from $0.8 million for the three months ended March 31, 1991. Gains from the sales of loans resulted in an increase of $.4 million from the prior year. Non-interest income was impacted by collections on real estate owned (REO) by NCB. This resulted in an additional increase of $0.1 million for the year thus far. Net realized and unrealized losses on the trading account portfolio of $.3 million partially offset the other increases in non-interest income.

NON-INTEREST EXPENSES

Non-interest expenses for the three months ended March 31, 1992, increased 18.3% to $4.1 million from $3.5 million as of March 31, 1991. Non-interest expenses as a percentage of average assets increased to 3.2% at March 31, 1992 from 2.8% at March 31, 1991.

Salaries and benefits increased 17.0% to $2.0 million for the three months ended March 31, 1992 from $1.7 million as of March 31, 1991. This was due primarily to commission expenses resulting from higher real estate originations and a fee based incentive program for lending groups in the first quarter. Merit increases accounted for the remaining increase in salaries and benefits.

Contractual services increased 79% to $ .7 million for the three months ended March 31, 1992 from $ .4 million as of March 31, 1991. This was largely attributable to an increase in legal and loan work-out fees during the three month period. For the period, legal and loan work-out fees increased by $0.2 million. Loan work-out fees increased due to on-going expenses related to problem loans.

LOANS AND LEASE PORTFOLIO

Consolidated Loans and Leases Outstanding (millions)

	3/31/92	12/31/91	% Change
Commercial	$220.8	$222.8	-0.9%
Real estate	232.0	221.3	4.8
Leases	7.5	8.0	-7.0
Total:	$460.3	$452.1	1.8%

Total loans and leases outstanding at March 31, 1992, was $460.3 million, up 1.8% from $452.1 million at December 31, 1991. Real estate loans increased by $10.7 million or 4.8% from year-end due to strong loan originations achieved in the first three months somewhat countered by loan sale activity. The growth in the real estate portfolio was a direct result of a planned $75 million sale to investors. The three-month secondary marketing activity totaled $21 million in loan sales as of March 31, 1992 which primarily represents a $17.9 million transaction in which pooled loans were sold to a third party at the end of January, 1992. Commercial loans and leases decreased by almost $2 million or .9% from year-end.

CASH, CASH EQUIVALENTS AND TRADING ACCOUNT SECURITIES

Cash, cash equivalents and trading account securities decreased 1.2% to $58.8 million at March 31, 1992 from $59.5 million at year-end 1991. NCB used the proceeds available from the portfolio liquidation to fund loan originations. As a percentage of earning assets, cash, cash equivalents, and investment securities, decreased slightly to 11.3% from 11.6% at December 31, 1991. As previously reported, NCB transferred its investment securities to a trading account securities portfolio in mid- 1991.

ALLOWANCE FOR POSSIBLE CREDIT LOSSES

The allowance for possible credit losses at March 31, 1992 increased 7.4% to $9.3 million from $8.7 million at December 31, 1991. The allowance was impacted primarily by the $0.7 million loan loss provision taken during the first three months of the year. The provision for possible credit losses decreased to $.7 million for the three months ended March 31, 1992 from $.8 million for the three months ended March 31, 1991. NCB's provision for possible credit losses to average loans and leases outstanding has decreased to .6% in 1992 from .7% in 1991.

The allowance as a percentage of loans outstanding at March 31, 1992 increased from 1.91% and 1.93% at March 31, 1991 and December 31, 1991, respectively to 2.0% at March 31, 1992. This is consistent with management's strategy of building reserves. Only $28,000 was charged-off during first quarter.

As shown in Table 3, total nonperforming assets (renegotiated and non-accruing assets, REO, and in- substance foreclosures) decreased 4.6% to $11.1 million at March 31, 1992. Nonperforming assets as a percentage of loans and leases outstanding plus REO and in-substance foreclosures decreased to 2.4% at March 31, 1992 from 2.6% at March 31, 1992. The decrease was due primarily to work-out of two commercial loan credits. Non-accrual loans consist of loans that have delinquent payments of ninety days and loans that have significant deterioration of credit quality. Of the $4.4 million in non-accrual loans, $4.2 million are current with their principal and interest payments.

Table 3
Nonperforming assets
(in thousands)

	Mar. 31, 1992	Dec 31, 1991	Sept. 30, 1991	June 30, 1991	March 31, 1991
Nonaccrual loans					
Commercial	$ 555	$ 894	$ 747	$ 959	$ 2,474
Real estate- construction	0	0	0	0	0
Real estate- commercial	0	0	0	0	0
Real estate- residential	3,833	3,994	6,907	3,429	2,554
Total nonaccrual loans	4,388	4,888	7,654	4,388	5,028
Restructured loans	2,455	2,491	918	1,283	1,292
Total nonperforming loans	6,843	7,379	8,572	5,671	6,320
Real estate acquired through foreclosure and insubstance foreclosure	4,297	4,297	4,297	4,325	4,367
Total nonperforming assets	$11,140	$11,676	$12,869	$9,996	$10,687

INTEREST BEARING LIABILITIES

Interest Bearing Liabilities (millions)	03/31/92	12/31/91	% Change
Class A notes	$183.33	$184.75	-0.8%
Short-term	78.06	74.06	5.1
Deposits	41.50	41.18	0.8
Non-current term debt	97.14	97.16	-0.1
Current term debt	0.00	0.00	n/a
Other borrowings	5.31	5.53	-3.9
Totals	$405.34	$402.68	0.7%

Interest bearing liabilities increased by $2.6 million to $405.3 million at March 31, 1992. The reduction of the principal balance on the subordinated Class A notes was wholly offset by increased usage on the line of credit. The outstanding balance on Class A notes was reduced from $184.75 million at December 31, 1991 to $183.33 million at March 31, 1992 as NCB applied proceeds received from the sale of Class B stock to redeem Class A notes.

During the month of March, 1992, NCB increased the outstanding balance on its bank line of credit by $4 million in order to support loan growth. Unused capacity under the line of credit (approximately $62 million) is sufficient to meet anticipated commitments.

NCB maintained the same year-end balance on its term debt, $97 million, during the first three months of the year. During the second quarter of 1992, NCB has placed an additional $50 million of intermediate term debt with various private investors. These placements are used to lessen NCB's reliance on short-term funding and to diversify its capital structure.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL CONSUMER COOPERATIVE BANK

Date: 5/14/92

By: ______________________
(Charles H. Hackman,
Chief Financial Officer)

Marietta J Orcino
(Marietta J. Orcino, Controller)

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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SECTION

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)

FOR THE QUARTER ENDED March 31, 1992	COMMISSION FILE NO. 0-15179

NEUROTECH CORPORATION
Exact Name of Registrant as specified in its charter)

DELAWARE	06-1100063
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

139 Florida Street, Farmingdale, N.Y.	11735
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 516 694-0026

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Act of 1934 during the preceding 12 months or such shorter period that the registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

L30

Class	Outstanding at May 6, 1992
Common Stock, par value $.01	9,854,374

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NEUROTECH CORPORATION AND SUBSIDIARY

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March 31, 1992

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NEUROTECH CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	March 31 1992 (unaudited)	June 30, 1991
Assets		
Current assets:		
Cash & cash equivalents	$ 375,926	$ 82,986
Accounts receivable; net	122,232	180,668
Inventories	139,608	199,434
Prepaid & current assets	5,257	14,575
Current portion of legal settlement receivable	324,434	
Total current assets	967,457	477,663
Property & Equipment:		
Machinery & equipment	265,338	262,406
Furniture & fixtures	46,144	46,144
Leasehold improvements	17,418	17,418
	328,900	325,968
Less: accumulated depreciation & amortization	192,356	(169,420)
	136,544	156,548
Other Assets:		
License cost, net	2,383	5,833
Non-current portion of legal settlement receivable	286,750	-
Total other assets	289,133	5,833
Total Assets	$ 1,393,134	$ 640,044

	March 31, 1992 (unaudited)	June 30, 1991
Liabilities & Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 110,020	$ 151,45
Accrued liabilities	86,666	48,86
Total current liabilities	196,686	200,31
Stockholders' equity:		
Common stock, par value $.01/share: 12,000,000 shares authorized: 9,854,374 shares outstanding at 3/31/92	98,544	98,544
Additional paid-in-capital	4,004,376	4,004,376
Retained deficit	(2,756,472)	(3,513,108)
	1,346,448	589,732
Less: treasury stock at cost	(150,000)	(150,000)
Total Stockholders' Equity	1,196,448	439,732
Total Liabilities & S/H Equity	$ 1,393,134	$ 640,044

The accompanying notes to consolidated financial statements are an integral part of these statements.

NEURUTECH CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1992	1991	1992	1991
Net sales	$ 142,863	$ 263,586	$ 516,401	$ 810,061
Cost of sales	150,233	230,934	449,615	596,638
Gross profit (deficit)	(7,370)	32,652	66,786	213,423
Research and development expenses	22,216	10,537	40,466	115,236
Selling, general and administrative expenses	138,948	105,178	283,209	328,048
Income (loss) from operations	(168,534)	(83,063)	(256,889)	(229,861)
Other income:				
Interest income (expense), net of interest income	15,538	(2,869)	18,476	583
Other income (loss)	3,461	(1,208)	1,027,844	2,434
Total other income (loss)	18,999	(4,077)	1,046,320	3,017
Income (loss) before provision for income taxes	(149,535)	(87,140)	789,431	(226,844)
Provision for income taxes (credits)	(19,853)	1,250	289,998	3,750
Income (loss) before extraordinary item	(129,682)	(88,390)	499,433	(230,594)
Extraordinary item of income	-	-	257,283	-
Net income (loss)	$ (129,682)	$ (88,390)	$ 756,716	$ (230,594)
$ (129,682) net profit (loss) per common share	$ (.01)	$ (.01)	$ .08	$ (.02)
Net profit (loss) per common share before extraordinary items	$ (.01)	$ (.01)	$ .05	$ (.02)
Weighted average number of common shares outstanding	9,854,374	9,854,374	9,854,374	9,854,374

The accompanying notes to consolidated financial statements are an integral part of these statements.

NEUROTECH CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Unaudited)

	Common stock	Additional paid-in capital	Accumulated deficit	Treasury stock
Balance at June 30, 1991	$ 98,544	$ 4,004,376	$ (3,513,188)	(150,000)
Net income for the nine months ending March 31, 1992	-	-	756,716	-
Balance at March 31, 1992	$ 98,544	$ 4,004,376	$ (2,756,472)	(150,000)

The accompanying notes to consolidated financial statements are an integral part of thes statements.

NEUROTECH CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended March 31, 1992	Nine Months Ended March 31, 1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 756,716	$ (230,594)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	26,386	31,105
(Increase) decrease in accounts receivable	58,436	(12,575)
(Increase) decrease in inventory	59,826	121,721
(Increase) decrease in prepaid expenses	9,318	5,702
Increase (decrease) in accounts payable	(41,430)	6,858
Increase (decrease) in accrued liabilities	37,804	5,411
(Increase) in receivable for litigation settlement	(611,184)	-
Net cash provided (used) by operating activities	295,872	(72,372)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of property and equipment	(2,932)	(1,354)
Net cash used in investing activities	(2,932)	(1,354)
CASH FLOWS PROVIDED (USED) IN FINANCING ACTIVITIES:		
Proceeds from notes payable	-	253,687
Net cash provided (used) in financing activities	-	253,687
Net increase (decrease) in cash and cash equivalents	292,940	179,961
Cash and cash equivalents at beginning of period	82,986	138,616
Cash and cash equivalents at end of period	$ 375,926	$ 318,577
Cash paid during the period for:		
Income Taxes	$ 1,024	$ 3,750

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992
(UNAUDITED)

(1) INTERIM FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements presented herein reflect all adjustments, including all normal recurring adjustments and accruals which, in the opinion of management, are necessary for a fair presentation of financial position and results of operations for the three and nine months ended March 31, 1992 and 1991. The financial statements should be read in conjunction with the summary of significant accounting policies and notes to financial statements included in the Company's Annual Report to Stockholders for the year ended June 30, 1991. The results of operations for the three and nine months ended March 31, 1992 are not necessarily indicative of the results for the full year.

(2) TERMINATION OF JOHNS HOPKINS UNIVERSITY LICENSE AGREEMENT

On October 26, 1991, the Company settled litigation to confirm an arbitration award against The John Hopkins University. Pursuant to the settlement, the University has paid the Company $550,000 and agreed to pay an additional $825,000 in installments of $425,000 on July 1, 1992 an $400,000 on July 1, 1993. The amounts shown on the financial statements reflect net amounts, after legal expenses, of $426,430, $329,375, and $310,000, respectively.

(3) COMMITMENTS AND CONTINGENCIES

The Company's former legal counsel has a lawsuit pending against the Company to recover approximately $105,000 for unbilled legal fees and expenses incurred during 1988, in connection with the unsuccessful public offering of the Company's Neuroscientific subsidiary. The Company believes that this claim is not justified and it is being vigorously contested. The Company filed a separate lawsuit against its former legal counsel.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The company has sales in two industry segments:

The medical electronic segment through its subsidiary, Neuroscientific Corporation. Neuroscientific Corporation manufactures and sells to the research market-place its "VENUS" and "ENFANT" visual evoked potential systems and its visual Contrast Sensitivity device. The ENFANT is designed to offer the more basic features of the VENUS, at a lower price.

The electronic components segment through its Control Electronics Division. The Control Electronics Division manufactures and sells custom delay lines, which are electronic devices sold primarily to the military and their contractors.

Results of Operation for the three and nine months ended March 31, 1992 are analyzed as follows:

For the three months ended March 31, 1992, the Company showed a negative gross profit of $7,370. This was in part due to restructuring where the inventory was written-down by approximately $30,000. This was necessitated by obsolescence and lower replacement costs for components and assemblies.

Net sales for the three and nine months ended March 31, 1992 were $142,863 and $516,401, respectively, both decreased approximately 46% and 36% over net sales for the three and nine months ended March 31, 1991 of $263,586 and $810,061, respectively. This decrease was due to the completion in fiscal 1991 by Control Electronics of a large military order for delay lines. In addition, new incoming orders for delay lines have been soft and there is no anticipation for any pick up in the near future. Sales in the medical electronics segment increased by approximately 9% for the nine month period of 1992 when compared to the same period in 1991.

Research and development expenses for the three and nine months ended March 31, 1992 were $22,216 and $40,466, respectively. For the same periods in 1991 these were $10,537 and $115,236, respectively. The company has kept the research and development to a minimum, but has accelerated development of the ENFANT for entry into a potentially larger market.

Selling, general and administrative expenses for the three and nine months ended March 31, 1992 were $138,948 and $283,209, respectively. For the same periods in 1991 these were $105,178 and $328,048, respectively. Overall for the nine month period these expenses have decreased by 44%. For the three months, however, because of expenses relating to exploration of a business opportunity, these expenses increased by 32%.

Liquidity and Capital Resources

Due to the Johns Hopkins University settlement, the Company's cash requirements for the balance of this fiscal year are expected to be met from its working capital balance.

NEUROTECH CORPORATION AND SUBSIDIARY

OTHER INFORMATION

Items 1-5 Inapplicable

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits
None

(b) Reports on Form 8-K
None

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registration has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

NEUROTECH CORPORATION
(Registrant)

Harold Goldstein

Date May 11, 1992

Harold Goldstein
President, Chief Executive,
and Principal Financial Officer

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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092-2235226

(Mark One)

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992

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☐ Transition report pursuant to Section 13 or 15(d) of the Exchange Act of 1934

For the transition period from __________ t

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Commission file number 0- 13307

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The New Iberia Bancorp, Inc.
(Exact name of registrant as specified in its charter)

Louisiana	72-0960631
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
800 South Lewis, New Iberia, Louisiana	70560
(address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (318) 365-6761

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X____ No_____

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APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes_____ No_____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

50,000 shares common stock

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PART I FINANCIAL INFORMATION

Item I - Financial Statements

- (a) Financial Highlight
- (b) Balance Sheet
- (c) Income Statement
- (d) Changes in Capital
- (e) Cash Flow

Item II- Management's Discussion and Analysis of Financial Condition and Results of Operations

- (a) Liquidity
- (b) Capital Resources
- (c) Results of Operations

PART II OTHER INFORMATION

Item I - Legal Proceedings

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant had duly caused this report to be signed on its own behalf by the undersigned thereunto duly authorized.

THE NEW IBERIA BANCORP, INC.

DATE: 11 May 1992

BY: Ernest Freyou
Ernest Freyou
President/Chief Executive Officer

DATE: 11 May 1992

BY:
Leonard J. Freyou
Senior Vice-President/Cashier

10-Q INDEX

PART I

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PART II

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ITEM I (A)

FINANCIAL HIGHLIGHTS
(ALL DOLLAR AMOUNTS IN THOUSANDS)

		1992	1991	Percent Change
FOR 3 MONTHS ENDED 3/31/92	Net Income..................	588	493	19%
	Cash dividends declared.....	-0-	-0-	-0-
	Average Common Shares Outstanding................	49.9	50	-
PER SHARE FOR 3 MONTHS ENDED 03/31/92	Net Income..................	11.78	9.87	19%
	Cash Dividends Declared.....	-0-	-0-	-
	Shareholder's Equity (Book Value)...............	297	264	13%
	Market Value................	-0-	-0-	
FOR 3 MONTHS ENDED 3/31/92	Net Income..................	588	493	19%
	Cash Dividends Declared.....	-0-	-0-	-
	Average Common Shares Outstanding................	49.9	50	-
PER SHARE FOR 3 MONTHS ENDED 3/31/92	Net Income...............	11.78	9.87	19%
	Cash Dividends Declared..	-0-	-0-	-
AS OF 3/31/92	Total Assets...............	190,971	168,696	
	Total Earning Assets.......	175,607	152,754	
	Total Loans Gross..........	73,059	69,599	
	Total Deposits.............	172,414	151,923	
	Total Shareholder's Equity.	14,795	13,181	
	Total Trust Assets.........	1,901	1,777	

REPRESENTATION FROM MANAGEMENT:

The financial statements reflect all adjustments necessary to a fair statement of the results of operations for the interim period.

All adjustments reflected are of normal recurring nature.

Item I - (b)

ASSETS	Current Quarter 3/31/92	Previous Year Endi 12/31/91
Cash and due from Banks	7,329,667.87	6,162,211.16
Interest bearing balances with banks	-0-	-0-
Investment Securities:		
(a) U.S. Treasury Securities	24,782,735.34	24,376,305.93
(b) Obligations of other U.S. Governments, Agencies & Corporations	60,059,300.09	60,521,544.09
(c) Obligations of States and Political Subdivisions	7,083,485.81	6,834,325.32
(d) Domestic Debt Securities	3,608,392.02	3,617,004.77
(e) Corporate Stocks in Other Banks	150,000.00	150,000.00
Securities purchased under Agreement to Resell	-0	4,000,000.00
Federal Funds Sold	7,581,641.11	2,137,379.91
Loans: Gross	73,058,571.20	71,747,864.18
Less:		
(a) Unearned income on loans	485.97	8,293.30
(b) Reserve for possible loan losses	1,946,271.00	1,874,885.88
Loans Net	71,111,814.23	69,864,685.00
Bank premises, equipment, furniture and fixtures	5,081,026.62	5,094,981.54
Real Estate owned other than bank premises	1,255,446.61	1,226,342.09
Intangible Assets	679,704.86	709,787.64
Other Assets	2,247,443.67	2,331,395.96
Total Assets	$190,970,658.23	$187,025,963.41

Item 1 (b) Continued

LIABILITIES AND CAPITAL

		Current Quarter 3/31/92	Previous Year Endin 12/31/91
Deposits in domestic offices			
(a) Demand		22,796,614.17	23,500,337.70
(b) Now, Super Now & Money Market Accounts		46,263,005.01	44,312,795.18
(c) Savings & Christmas Club		14,207,026.91	13,080,845.89
(d) Time CD's - $100,000.00 and over		28,309,626.05	28,307,296.51
(e) Time CD's - Other		47,143,941.30	46,220,509.74
(f) IRA CD's		13,693,936.09	12,818,494.78
Federal funds purchased and securities sold under agreements to repurchase		2,641,039.68	3,649,475.84
Other Liabilities		1,120,488.42	911,059.72
Total Liabilities excluding subordinated notes and debentures		$176,175,677.63	$172,800,815.36
Common Stock:			
(1) Shares authorized	10,000,000		
(2) Shares outstanding	49,888	500,000.00	500,000.00
(3) Surplus		*8,998,820.00	8,200,500.00
(4) Undivided Profits		5,297,280.60	5,524,648.05
(5) Treasury Stock	112	(1,120.00)	-0-
Total Equity Capital		14,794,980.60	14,225,148.05
Total Liabilities, Subordinated Notes and Debentures and Equity Capital		190,970,658.23	187,025,963.41

*On January 27, 1992, the Board of Directors authorized a transfer from Undivided Profits to Surplus in the amount of $800,000. This was done to accomodate the funding of a large loan being made by the bank.

Item I - (c) Consolidated Comparative Statement of Income

	Quarter Ending 3/31/92	Quarter Ending 3/31/91	Year to Date 3/31/92	Year to Dat 3/31/91
Interest Income:				
Interest and fees on loans	1,809,045.71	1,972,964.06	1,809,045.71	1,972,964.06
Taxable Inv. Sec. Interest Income	1,821,053.65	1,449,291.26	1,821,053.65	1,449,291.26
Nontaxable Inv. Sec. Interest Income	112,565.79	109,529.91	112,565.79	109,529.91
Other Interest Income	53,624.87	171,914.72	53,624.87	171,914.72
Total Interest Income	3,796,290.02	3,703,699.95	3,796,290.02	3,703,699.95
Interest Expense:				
Interest on Deposits	1,846,487.34	2,091,151.69	1,846,487.34	2,091,151.69
Interest on Short Term Borrowing	32,273.89	48,303.08	32,273.89	48,303.08
Total Interest Expense	1,878,761.23	2.139,454.77	1,878,761.23	2,139,454.77
Net Interest Income	1,917,528.79	1,564,245.18	1,917,528.79	1,564,245.18
Provision for Loan Losses	62,335.00	-0-	62,335.00	-0-
Net Interest Income after Provision Loan Losses	1,855,193.79	1,564,245.18	1,855,193.79	1,564,245.18
Other Income:				
Commission & Fees from Fiduciary Activities	818.96	1,169.76	818.96	1,169.76
Insurance Commissions, Fees and Premiums	14,911.99	6,667.86	14,911.99	6,667.86
Fees on Other Customer Services	221,899.36	214,983.48	221,899.36	214,983.48
Investments Securities Gains or Losses	57,877.13	2,299.71	57,877.13	2,299.71
All other Income	125,636.16	132,234.69	125,636.16	132,234.69
Total Income	2,276,337.39	1,921,600.68	2,276,337.39	1,921,600.68

Item I - (c) Consolidated Comparative Statement of Income (Continued)

	Quarter Ending 3/31/92	Quarter Ending 3/31/91	Year to Date 3/31/92	Year to Date 3/31/91
Other Expenses:				
Salaries	606,826.21	572,484.91	606,826.21	572,484.91
Net Occupancy Expense of Premises	91,325.45	99,153.95	91,325.45	99,153.95
Furniture & Equipment	124,834.14	120,317.01	124,834.14	120,317.01
Other Expenses	552,741.04	490,657.25	552,741.04	490,657.25
Total Other Expenses	1,375,726.84	1,282,613.12	1,375,726.84	1,282,613.12
Net Income or (Loss)	900,610.55	638,987.56	900,610.55	638,987.56
Income Tax Expense	313,098.00	145,613.00	313,098.00	145,613.00
Income or Loss before Extraordinary Items	587,512.55	493,374.56	587,512.55	493,374.56
Cumulative Effects of Changes in Accounting Principals	-0-	-0-	-0-	-0-
Net Income or (Loss)	587,512.55	493,374.56	587,512.55	493,374.56
Earnings Per Share Data	11.78	9.87	11.78	9.87
Dividends Per Shares Outstanding	-0-	-0-	-0-	-0-

Item I - (d) Changes in Capital

STATEMENT OF CHANGES IN CAPITAL ACCOUNTS

	Year to Date 3/31/92	Previous Year Ending 12/31/91
Balance at beginning of Year	14,225,148.05	12,687,279.63
Transfer from Statement	587,512.55	1,837,368.42
Sale of Treasury Stock	-0-	4,375.00
Total Additions	587,512.55	1,841,743.42
Deductions:		
Cash Dividends declared		
Per Share 1992 $ -0- 1991 $6.00	-0-	300,000.00
Treasury Stock	17,680.00	3,875.00
Total Deductions	17,680.00	303,875.00
Balance at End of Period	14,794,980.60	14,225,148.05

NEW IBERIA BANCORP, INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDING MARCH 31, 1992 AND MARCH 31, 1991

	YTD 1992	YTD 1991
Cash flows from operating activities:		
Net Income	$ 587,513	$ 493,375
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation & amortization	133,783	127,299
Discount accretion and premium amortization	(48,043)	(21,171)
Provision for loan losses and other Real Estate Write-downs	62,335	-0-
Net (gain) loss on sales of investment securities	(57,877)	(2,300)
Decrease (increase) in accrued interest receivable	146,828	(78,344)
Increase (decrease) in accrued interest payable	27,726	(21,273)
Increase (decrease) in other liabilities	62,875	(28,040)
Decrease (increase) in other assets	27,726	(991)
Net (gain) loss on sale of fixed assets	-0-	1,273
Net cash provided by operating activities	$ 942,866	$ 469,828
Cash flows from investing activities:		
Proceeds from sales of investment securities	$ 8,236,114	$ 36,900
Proceeds from maturities of investment securities	2,588,909	3,051,110
Purchase of investment securities	(12,253,008)	(9,660,073)
Net (increase) decrease in loans	1,488,751	(514,414)
Purchase of bank premises and equipment	(89,746)	(114,176)
Proceeds from sale of bank premises and equipment	-0-	3,075
Proceeds from sale of real estate owned	-0-	120,900
Net cash provided by (used in) investing activities	$ (28,980)	$(7,076,678)

	YTD 1992	YTD 1991
Cash flows from financing activities:		
Net increase (decrease) in repurchase agreements	$ (1,008,436)	$ (862,283)
Net increase (decrease) in demand, NOW, and savings deposits	(699,153)	3,071,069
Net increase (decrease) in certificates of deposits	3,405,421	321,983
Dividends Paid	-0-	-0-
Net cash provided by (used in) financing activities	1,697,832	2,530,769
Net increase (decrease) in cash and cash equivalents	2,611,718	(4,076,081)
Cash and cash equivalents at beginning of year	12,299,591	17,232,825
Cash and cash equivalents at end of year	14,911,309	13,156,744
Supplemental Disclosure:		
Interest paid on borrowings and deposits	$ 1,851,035	$ 2,139,455
Federal income tax paid	$ -0-	$ 145,613

The accompanying notes are an integral part of these statements.

Item II - Management Discussion and Analysis of Financial Condition and Results Of Operation

OVERVIEW

In the first quarter of 1992, the Company recorded net income of $587,513, or ($11.78 a share). This compares to the same period in 1991 when net income was $493,375 ($9.87 a share.) The increase in 1992 as compared to 1991 is principally due to an increase in earning assets by 10.44% to 92.11% and a decrease in interest rates paid on deposits. Return on Equity for March 1992 was 16% compared to March 1991 of 15%.

At March 31, 1992, total assets were $190,970,658. an increase of $22,274,550 (13.20%) from the $168,696,108 reported for the same period in 1991. Gross loans at March 31, 1992, were $73,058.571 a $3,459.772 (4.97%) increase from March 31, 1991. Total deposits were $172,414,749 at March 31, 1992, a $20,491,100 (13.49%) increase from the balance at March 31, 1991. The increase in deposits in 1992 reflects an improvement in the local business economy.

Capital Resources:
Capital ratios at quarter ending March:

	1992	1991	1990	Regulatory Minimum
Primary Capital	8.32%	8.39%	8.02%	5.5%
Leverage	7.36%	7.36%	6.88%	3%
Risk-based capital				
Tier I	17.09%	15.63%	12.95%	4%
Total	18.34%	16.88%	14.20%	8%

NET INTEREST INCOME - Net interest income is the difference between interest earned on assets and interest paid for the funds supporting those assets. For the first quarter ending March 31, 1992. net interest income was $1,917,529, an increase of $353,284 (22.59%) over the same period in 1991. The increase is the result of more earning assets and a decrease in deposit interest cost.

EARNING ASSETS -Earning assets as of March 31, 1992, were $175,906.443, an increase of $24,211,083 (15.97%) from the March 31, 1991 balance of $152,754,274.

The average yield on earning assets was 8.74% in March 1992. In March, 1991, the average yield on earning assets was 9.85%. The yield on loans has declined to an average of 9.71% from an average of 11.02% in March 1991. The yield on investments has declined to an average of 8.06% from an average of 8.68% in March 1991. The average rate on Fed Funds Sold has declined to an average of 3.83% from an average of 5.76% in March 1991.

INVESTMENT SECURITIES -Investment securities for the period ending March 31, 1992 and 1991 were $95,683,913 and $77,117,599, respectively. The balance for 1992 was an increase of $18,566,314 (24.07%) from 1991. Low loan demands and increase in deposits was the reason the investment portfolio increased.

The mix of the portfolio changed to reduce the average life of the portfolio by purchasing fewer mortgage backed securities and in its place purchasing U.S. Treasury Notes, short average life collataralized mortgage obligations (U.S. Agency Quality), and more municipal bonds.

The amortized cost and estimated market value of investment securities at March 31, 1992 were:

	Book Value	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury	$ 24,782,735	$ 571,570	$(24,146)	$25,330,159
U.S. Gov. Agencies:				
Mortgage-backed Sec.	62,665,642	1,569,910	(235,986)	63,999,566
Other	1,002,050	10,873	-0-	1,012,923
State & Municipal Obligations	7,083,486	203,263	(42,495)	7,244,254
TOTALS*	$ 95,533,913	$2,355,616	$(302,627)	$97,586,902

*Does not include $150,000 in First National Bankers Bank stock.

In the first quarter of 1992 the Bank realized a gain on the sale of securities totalling $57,877. THe sale of the securities was done in order to restructure the portfolio to maximize yield in the current falling rate environment and to shorten the average life of the securities outstanding.

Interest-bearing Liabilities - Interest-bearing liabilities in 1992, were $152,258,575, an increase of $19,062,869 (14.31%), from the March 31, 1991, balance of $133,195,706. We received interest-bearing deposits from other institutions in the local market, mainly because of one institution selling to an out of town bank.

INTEREST EXPENSE -Interest Expense for 1992 totaled $1,878,761, a decrease of $260,694, (12.19%) from the 1991 amount of $2,139,455. The primary reason for this decrease was the decrease in interest rates. The average rates paid for all interest-bearing liabilities were 5.00% through March, 1992 compared to 6.56% for the same period in 1991.

RESERVE AND PROVISION FOR POSSIBLE LOAN LOSSES

An adequate level of the Allowance for Possible Loan Losses is determined by reviewing the quality of the loan portfolio, actual loan loss experience and the current and anticipated economic conditions and their effect on the market served by the Company. The Provision for Possible Loan Losses is the amount charged to earnings in order to maintain an adequate level of reserves. Other significant factors considered in determining the levels of the provision and the reserve are the growth or decline in the loan portfolio, the composition of the portfolio, industry concentrations, differing risks associated with each category of loans, the current and prospective financial condition of borrowers, the level of past due and nonperforming loans and the relationship of the reserve to the total loan portfolio. Management reviews the loan portfolio to identify potential losses and to determine that the level of reserves adequately reflects the potential loss exposure. Loans identified as problem credits are reviewed more frequently to determine potential changes in the reserve. Since actual losses may vary from current assessments, any necessary adjustments to the reserve are recorded in the period in which they become known. The loan review department of the Company monitors adherence to lending policies and procedures as well as asset quality.

The Provision for Possible Loan Losses at March 31, 1992, totaled $62,335 compared to $-0- at March 31, 1991. The balance in the reserve over the two year period reflects levels of charge-offs and managements' use of conservative estimates of collateral values when evaluating exposures in the loan portfolio. The reserve as a percentage of loans and leases was 2.66% at quarter end March 31, 1992, compared to 2.69% at quarter end March 31, 1991. Loan Loss Reserve to non-performing loans was 2.86% and 1.58% for March, 1992 and 1991, respectively.

The diversification of the loan portfolio is an important factor in the assessment of loan quality and loss potential. The Company lends to a variety of industries to minimize its exposure to possible losses occurring from concentrations in any single sector.

The unfavorable condition of the energy industry, despite the slight increase in the price of oil and gas, was the primary factor affecting the performance of the loans. Even though the Company has never had a significant amount of loans made directly to energy service customers, the performance of these loans and leases has been negatively affected by the dramatic impact the decline on the energy industry has had on many business segments throughout the state.

Charge-Offs year to date for 1992 were $64,524 compared to $51,300 and $23,589 in 1991 and 1990 respectively. The small levels in charge-offs are attributable to management's increased efforts in identifying and working out problem loans.

Loan Recoveries compared to prior year charge-offs was 22.91% and 16.46% for March 1992 and 1991, respectively.

Non-Performing Assets to Core Capital plus Loan Loss Reserves was 4.3% and 8.3% for March 1992 and 1991, respectively.

OTHER INCOME

For the first quarter of 1992, Other Income was $421,143, an increase of $63,788 (17.85%), over the $357,355 earned for March, 1991. This increase was due to sale of investments as reported previously.

requirements on a timely basis. We have an adequate Asset/Liability program to aid us in maintaining proper balance between interest earning assets and interest bearing liabilities. This program is run monthly allowing management to diversify investments as needed to keep a proper balance of maturities. We are also capable of managing interest rate sensitivity of assets and liabilities. This is critical to protect net income against wide fluctuations in interest rates and in turn maintaining consistent growth of net interest income.

Our liquidity ratio at March 31, 1992, was 61.65% with a dependency ratio of 5.44%; the liquidity on March 31, 1991 was 52.47% with a dependency ratio of 9.57% and on March 31, 1990, 31.27% with dependency ratio of 2.05%. The liquidity is enhanced by the bank's ability to manage the interest rate sensitivity of assets and liabilities. The New Iberia Bank actively monitors and controls the relationship between interest sensitive assets and liabilities by means of the Vining Sparks Assets/Liability program. The off balance sheet commitments, if funded, would have a limited impact on the liquidity of the Bank, primarily due to the large investment portfolio the Bank currently maintains.

Cumulative Maturity/Rate Sensitivity

Earning Assets

	1-30	1-60	1-90	1-365	Yr& Over	Total
Loans*	21,053	22,287	26,333	43,089	29,402	71,491
Short Term Investments	7,582	7,582	7,582	7,582	-0-	7,582
Investments***	70	833	1,885	8,083	87,451	95,534
Total Earning Assets	28,705	30,702	35,800	58,754	116,853	175,607
Funding Sources						
NOW Accounts**	-0-	-0-	-0-	-0-	29,612	29,612
Money Market(IMFA)	16,652	16,652	16,652	16,652	-0-	16,652
CD over 100	6,510	9,588	14,788	28,533	1,758	30,291
Other Time Deposit	7,947	13,434	20,303	52,613	6,243	58,856
Savings**	-0-	-0-	-0-	-0-	14,207	14,207
Repos	2,641	2,641	2,641	2,641	-0-	2,641
Total Funding	33,750	42,315	54,384	100,439	51,820	152,259
Cumulative Maturity/ Rate Sensitivity(GAP)	(5,045)	(11,613)	(18,584)	(41,685)	65,033	23,348

* Loan figures represent rate sensitivity only, while the balance sheet represents total gross loans including non-accruals and overdrafts.

** Not classified as rate sensitive.

*** $150,000 - First National Bankers Bank stock not rate sensitive and is not included in the one year and over.

PART II

Item I- Legal Proceedings:

(1) J. WARREN & ASSOCIATES, INC. VS. THE NEW IBERIA NATIONAL BANK, 16TH JUDICIAL DISTRICT COURT, PARISH OF IBERIA, STATE OF LOUISIANA, SUITE NO. 53603, FILED ON SEPTEMBER 15, 1983, IN THE AMOUNT OF $12,209,000.00.

CURRENT STATUS; Allegations of suit are arbitrary, capricious and tortious transfer of funds from the Plaintiff's account to their accounts without authorization. This suit was filed 9/15/83 and an Exception of Vagueness was filed shortly thereafter, and the Petitioner was ordered to amend its petition, which was done. Then it was discovered that Petitioner's corporate authority to do business in Louisiana, had been revoked due to failure to comply with certain requirements. An exception based on this was filed and heard on 4/24/85. The court decided in favor of J. WARREN & ASSOCIATES and the suit was not dismissed. Depositions were taken on July 17, 1985. Requests for production of documents filed by new counsel has been opposed by the Bank, and the hearing was scheduled but was canceled. Plaintiff has secured new counsel who has filed a new Request for Production of Documents which has also been opposed. Hearing was had on the production of documents in this matter on September 17, 1987, and the Bank was ordered to furnish records of Julius W. Dupree and Dolly's Po-Boys which was done. The Bank has filed an answer and propounded further interrogatories. An Exception of Prescription has been filed to the claims of J. W. Dupree, individually and interrogatories have been propounded, but not answered. The exception of prescription was heard on June 3, 1988, and the claims of J. W. DUPREE were dismissed.

Trial had been fixed on the remaining claims for September 13, 1988, as a 3rd fixing, but was postponed until November 16, 1988, as a third fixing. However, counsel have filed a joint motion to fix this matter as a first fixing.

Trial commenced on September 12, 1989, and has been continued to a later undetermined date. This date has not yet been fixed.

Recovery Prospect: It is the opinion of legal counsel that recovery by the Plaintiff is remote.

(2) WARREN J. MOITY, SR. VS. THE NEW IBERIA BANK, ET AL, United States District Court of Louisiana, Lafayette/Opelousas Division, Suite CV 90-0346, filed February 2, 1990, in the amount of $2,105,000.00. Basis of suit is question of legal status of usufruct, which according to Civil Code #535 is the real right of limited duration on property of another. The functions of the right vary with the nature of the thing subject to it.

CURRENT STATUS: The Board of Directors of the New Iberia Bank decided to hire outside counsel, and the firm of GIBBENS AND BLACKWELL have been hired to represent the Bank in this matter. The undersigned has been informed by this firm that the Federal Magistrate has recommended the dismissal of this suit as being frivolous and the Order was signed by Judge Shaw on June 7, 1990. Subsequently, suit was filed by Warren J. Moity, Sr., in the 16th Judicial District Court, Docket No. 70818 C on June 14, 1990. The allegations were basically the same. Various exceptions were filed by Gibbens and Blackwell which were scheduled to be heard on November 16, 1990. Discovery is still being under-taken by the parties. The Motion for Summary Judgment has been filed and was fixed along with the Exceptions for hearing on April 1, 1991, at which time the motions and exceptions were granted in favor of the Bank. A motion for a new trial was heard on May 30, 1991, and the Judge has the decision under consideration.

Recovery Prospect: It is the opinion of legal counsel that recovery by the Plaintiff is remote.

(3) J. W. DUPREE and/or J. WARREN & ASSOCIATES, INC. vs. AUDUBON INSURANCE COMPANY AND THE NEW IBERIA BANK, Suite No. 71991 A, 16th Judicial District Court, Parish of Iberia, State of Louisiana, filed December 18, 1990, in the amount of $13,770.00.

Petitioners are alleging that the Bank misapplied funds from a fire which occurred on December 16, 1980. The amount of the claim is $13,770.00. A motion for extension of time to file pleadings has been obtained allowing an additional 30 days or until February 1, 1991. Exception of Prescription and no cause of action and no right of action has been filed.

Recovery Prospect: First of all, this claim is probably prescribed, and if not, the chance of recovery is remote.

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from .... to ....

Commission file number 33-27603

PROCESSED BY
9-9-1
MAY 18 1992

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Q-Data Corp. - St. Petersburg, FL

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NORTH AMERICAN INTEGRATED MARKETING, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	22-2942013 (I.R.S. Employer Identification Number)

Wayne Interchange Plaza I
145 at Route 46
Wayne, New Jersey 07470
(Address of principal executive offices)
(Zip Code)

(201) 890-7330
(Registrant's Telephone number, including area code)

Indicate by check mark the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements. Please refer to the following pages for the financial statements of North American Marketing Integrated Marketing, Inc. (the "Company") for the first quarterly period ended on March 31, 1992.

NORTH AMERICAN INTEGRATED MARKETING, INC.
BALANCE SHEET

(UNAUDITED)

	AS OF	
ASSETS	03/31/92	12/31/91
Current Assets		
Cash	$248,828	$285,298
Accounts Receivable less allowance for doubtful accounts	1,148,968	984,445
Accounts Receivable - Related companies	6,962	0
Officer loan	1,000	0
Prepaid expenses & other assets	29,176	55,260
Income tax refund receivable	0	0
Total Current Assets	1,434,934	1,325,003
Furniture and equipment at cost less accumulated depreciation	233,426	210,534
Goodwill, less accumulated amortization	0	0
TOTAL ASSETS	$1,668,360	$1,535,537
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$554,067	$768,352
Accounts Payable - Related companies	263,609	533,811
Note payable - Related Company	17,008	34,325
Customer postage payable	257,063	289,084
Income taxes payable	25,000	(249)
Note payable -Line of credit	283,181	48,062
Accrued expenses and other current liabilities	484,495	206,424
Excess of accumulated billings over related costs	32,000	62,750
Current Maturities of long-term debt	18,051	13,279
Total Current Liabilities	1,934,474	1,955,838
Longterm Notes Payable	37,468	18,255
Longterm Notes Payable-related company	0	1,152
Total liabilities	1,971,942	1,975,245
Stockholders' Equity		
Common stock, $.00001 par value; 50,000,000 authorized, 16,000,073 shares issued and outstanding	160	160
Paid in capital	55	55
Accumulated Deficit	(303,797)	(439,923)
Total shareholders' deficit	(303,582)	(439,708)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,668,360	$1,535,537

NORTH AMERICAN INTEGRATED MARKETING, INC.
STATEMENT OF OPERATIONS
FOR THE THREE MONTH PERIOD ENDED MARCH 31
(UNAUDITED)

	1992	1991
Net Revenue	$1,855,739	$1,167,814
Costs and expenses		
Cost of revenue	1,164,847	725,206
Selling, general & administrative expense	495,993	397,220
Provision for doubtful accounts	6,000	0
Interest	10,975	14,900
Depreciation & amortization	16,548	20,418
Total costs and expenses	1,694,364	1,157,744
Net Income before taxes	161,375	10,070
Provision For Income Tax	25,000	4,332
Net Income	$136,375	$5,738
Net Income per common share - Primary and fully diluted (16,000,073 share avg.)	$0.0085	$0.0004

The accompanying notes are an integral part of these financial statements.

NORTH AMERICAN INTEGRATED MARKETING, INC.
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31
(UNAUDITED)

	1992	1991
Cash flows from operating activities		
Net income loss	$136,375	$5,738
Adjustments to reconcile net income loss to cash provided by operating activities:		
Depreciation	16,548	20,418
Loss on sale of asset	0	0
(Increase) Decrease in:		
Accounts receivable	(164,523)	(406,429)
Accounts receivable - related party	(6,962)	0
Officers' loans receivable	(1,000)	0
Income tax refund receivable	0	0
Prepaid expenses	26,084	9,350
Excess of accumulated billings over related costs	0	0
Increase (Decrease) in:		
Accounts payable	(214,285)	43,187
Accounts payable - related party	(270,202)	28,903
Accrued liabilities	278,072	(133,070)
Customer postage payable	(32,021)	(211,394)
Income taxes payable	25,000	4,332
Excess of accumulated billings over related costs	(30,750)	0 446,288
Net cash provided (used) by operating activites	(237,664)	(192,677)
Cash flows from investing activities		
Purchase equipment	(39,441)	(1,375)
Proceeds from sale of asset	0	0
Net cash provided (used) by investing activities	(39,441)	(1,375)
Cash flows from financing activities		
Net borrowing (repayment) note payable related company	(18,469)	(3,547)
Net borrowing note payable - line of credit	235,119	710
Proceeds from issuance of long-term debt	27,761	0
Repayment of long term debt	(3,777)	(4,709)
Proceeds from issuance of common stock	0	0
Net cash provided by financing activities	240,634	(7,546)
Net increase (decrease) in cash	(36,470)	(201,598)
Cash at beginning of period	285,298	222,120
Cash at end of period	$248,828	$20,519

The accompanying notes are an integral part of these financial statements.

Note 1. Basis of Presentation

The accompanying unaudited financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the periods have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended December 31, 1992. For further information, refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(a) Results of Operations - Three Months Ended March 31, 1992 Compared to Three Months Ended March 31, 1991

Net revenue increased by $687,925 from $1,167,814 for the three month period ended March 31, 1991 as compared to $1,855,739 for the three month period ended March 31, 1992 as a result of sales to several new customers and a reduced reliance on customers in the financially troubled banking industry.

Cost of revenue increased by $439,641, from $725,206 for the three month period ended March 31, 1991 to $1,164,847 for the three month period ended March 31, 1992. Contributing to this increase was increased purchases attributable to the increase in sales volume. Selling, general and administrative expense increased by $98,773 from $397,220 for the three month period ended March 31, 1991 as compared to $495,993 for the three month period ended March 31, 1992. This increase in selling, general and administrative expenses resulted from the Company's increased expenditures for advertising and commissions due to the increase in the Company's sales volume. Provision for doubtful accounts increased by $6,000 from $-0- for the three month period ended March 31, 1991 to $6,000 for the three month period ended March 31, 1992. Contributing to this increase in provision for doubtful accounts was the Company's change in accounting procedures regarding the booking of accounts receivable. Interest expense decreased by $3,925 from $14,900 for the three month period ended March 31, 1991 to $10,975 for the three month period ended March 31, 1992. Contributing to this decrease in interest expense was the decrease in the interest rate charged on the Company's revolving line of credit. Depreciation and amortization decreased by $3,870 from $20,418 for the three month period ended March 31, 1991 to $16,548 for the three month period ended March 31, 1992. Contributing to this decrease was the reduction in the percentage used to determine the depreciation allowance pursuant to the accelerated depreciation method utilized by the Company. As a result of the foregoing, total costs and expenses, including selling, general and administrative, increased by $536,620 from $1,157,744 to $1,694,364. Overall, the Company experienced a net income of $136,375 for the three month period ended March 31, 1992, representing an increase in net income of $130,637 over the same three month period in 1991. The increase in the Company's income is directly attributable to the increase in the sales volume.

(b) Liquidity and Capital Resources

As of March 31, 1992, the Company had a working capital deficit of $499,540 compared to the related deficit of $630,834 at December 31, 1991. Contributing to this approximate 21% decrease in the Company's working capital deficit were (1) an increase in accounts receivable at March 31, 1992; and (2) the realization of the benefits attributable to the Company's cost management program initiated during the previous calendar years, which included a decrease in compensation to its employees.

The Company has improved its financial condition by decreasing its heavy concentration of financial institution customers and diversifying its customer base to non-financial institution customers. In 1990 financial institutions comprised 79% of the Company's revenue. In 1991 this percentage decreased to 49% of the Company's revenues. The Company continues to attempt to diversify and increase its customer base, pursuing potential clients in the catalog and package goods sectors so as not to become too dependent on its current financial clients.

Net cash used by operating activities increased by $44,987 from ($192,677) for the three month period ended March 31, 1991 to ($237,664) for the three month period ended March 31, 1992. Contributing to this increase was the increase in cost of revenue and other expenses due to the increase in the Company's sales volume. Net cash used by investing activities increased by $38,066 from ($1,375) for the three month period ended March 31, 1991 to ($39,441) for the three month period ended March 31, 1992. Contributing to this increase was the acquisition of certain assets, including furniture and fixtures. Cash flow provided by financing activities increased by $248,180 from ($7,546) for the three month period ended March 31, 1991 to $240,634 for the three month period ended March 31, 1992. Contributing to this increase was the increased utilization by the Company of its revolving line of credit to fund a portion of its operations.

From its inception in April, 1987, the Company has funded its operating and capital requirements through a revolving line of credit, loans from related companies and revenues generated from operations. Since July 1990, the Company has funded itself through a revolving line of credit and revenues generated from operations. The Company's operating and capital requirements during the three month period ended March 31, 1992, has been funded by a revolving line of credit averaging $359,713. The remaining operating and capital requirements of the Company has been funded by revenue generated by operations. As of March 31, 1992, the amount available under the Company's revolving line of credit was $283,181.

The Company has no intention for further capital expenditure purchasing at this time and has focused on improving results of operations through a cost management program. The combination of these two events is expected to improve its liquidity on a short term basis. The Company believes the combination of the aforementioned events will improve its cash position in the long term.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

There is no material litigation or other legal proceeding currently pending against the Registrant.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders, through solicitation of proxies or otherwise, during the quarter ended March 31, 1992.

Item 5. Other Information

The Net Income per common share of $0.0085 for the three month period ended March 31, 1992 is calculated as follows:

Common shares outstanding	16,000,073
Net Income	$ 136,375
Per share - Primary and fully diluted	$ 0.0085

Item 6. Exhibits and Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORTH AMERICAN INTEGRATED
MARKETING, INC.
(REGISTRANT)

Date: May 13, 1992

RW Paltrow
(signature)
Name: Robert W. Paltrow
Title: Secretary/Treasurer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992

OR

____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________.

Commission file number 33-25799-A

NORTH GEORGIA NATIONAL BANCSHARES, INC.

GEORGIA 58-1817442

Ten Parkway 575
Woodstock, Georgia 30188

Registrant's telephone number, including area code (404) 924-2265

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES (X) NO ( )

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common stock, $1.00 par value per share, 612,641 shares issued and outstanding as of March 31, 1992

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NORTH GEORGIA NATIONAL BANCSHARES, INC.
AND SUBSIDIARY

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PART I FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

NORTH GEORGIA NATIONAL BANCSHARES, INC.

	March 31, 1992	December 31, 1991
ASSETS		
Cash and due from banks	$ 2,164,516	$ 1,261,731
Federal funds sold	4,250,000	2,875,000
Investment securities (market value of $5,749,130 at March 31, 1992 and $6,274,737 at December 31, 1991	5,814,673	6,057,494
Loans	18,250,346	16,086,105
Less:		
Allowance for loan losses	(227,000)	(201,000)
TOTAL NET LOANS	18,023,346	15,885,105
Premises and equipment	1,812,069	1,839,488
Interest receivable	259,950	303,800
Other assets	486,948	121,056
TOTAL ASSETS	$ 32,811,502	28,343,674
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Non-interest bearing demand	$ 3,028,851	$ 1,946,727
Interest bearing:		
Savings and NOW	4,834,343	2,450,507
Time certificates of deposit of $100,000 or more	5,725,775	5,270,553
All others	13,543,535	13,364,114
TOTAL DEPOSITS	27,132,504	23,031,901
Accrued interest on deposits	107,357	116,704
Accounts payable and other liabilities	585,041	176,881
TOTAL LIABILITIES	27,824,902	23,325,486
STOCKHOLDERS' EQUITY		
Common stock, $1 par value, authorized 2,000,000 shares; issued and outstanding 612,641 shares at March 31, 1992 and December 31, 1991	612,641	612,641
Additional paid in capital	5,453,978	5,453,978
Accumulated deficit	(1,080,019)	(1,048,431)
TOTAL STOCKHOLDERS' EQUITY	4,986,600	5,018,188
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 32,811,502	$ 28,343,674

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS

NORTH GEORGIA NATIONAL BANCSHARES, INC.

	For the Three Months Ended March 31 1992	 1991
INTEREST INCOME		
Interest and fees on loans	$ 460,347	$ 182,201
Interest on taxable investment securities	107,296	101,480
Interest on federal funds sold	27,862	70,363
TOTAL INTEREST INCOME	595,505	354,044
INTEREST EXPENSE		
Interest on deposits, $100,000 and over	118,276	60,123
Interest on all other deposits	201,522	168,744
TOTAL INTEREST EXPENSE	319,798	228,867
NET INTEREST INCOME	275,707	125,177
Provision for loan losses	26,000	26,950
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	249,707	98,227
OTHER INCOME		
Service charges and fees on deposits	25,273	10,897
Other income	2,598	747
TOTAL OTHER INCOME	27,871	11,644
OTHER EXPENSES		
Salaries and employee benefits	163,838	147,382
Occupancy and equipment	49,983	45,358
Other operating expenses	95,345	94,235
TOTAL OTHER EXPENSES	309,166	286,975
NET INCOME (LOSS)	$ (31,588)	$ (177,104)
Net income (loss) per share	$ (.05)	$ (.29)
Weighted average number of shares outstanding	612,641	612,641

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

NORTH GEORGIA NATIONAL BANCSHARES, INC.

	For the Three Months Ended March 31, 1992	1991
OPERATING ACTIVITIES		
Net income (loss)	$ (31,588)	$ ($177,104)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Provision for loan losses	26,000	26,950
Provision for amortization	5,043	5,043
Provision for depreciation	30,153	29,964
Amortization of investment security premium	7,535	932
Accretion of investment security discount	(3,075)	(1,080)
Decrease (increase) in interest receivable	43,850	(28,652)
Decrease in accrued interest on deposits	(9,347)	(3,730)
Increase in other assets	(370,935)	(13,343)
Increase in accounts payable and other liabilities	408,160	40,378
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	105,796	(120,642)
INVESTING ACTIVITIES		
Maturities of investment securities	238,361	(1,479,309)
Investment in premises and equipment	(2,734)	(16,631)
Net increase in loans	(2,164,241)	(1,262,670)
NET CASH USED IN INVESTING ACTIVITIES	(1,928,614)	(2,758,610)
FINANCING ACTIVITIES		
Net increase in demand deposits, NOW accounts, savings accounts, and time certificates of deposits	4,100,603	3,413,092
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,100,603	3,413,092
DECREASE IN CASH AND CASH EQUIVALENTS	2,277,785	533,840
Cash and cash equivalents at beginning of period	4,136,731	4,532,965
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 6,414,516	$ 5,066,805

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NORTH GEORGIA NATIONAL BANCSHARES, INC.

March 31, 1992

NOTE A--ORGANIZATION AND OPERATIONS

North Georgia National Bancshares, Inc. (the "Company") was incorporated on November 14, 1988 and commenced banking operations on July 30, 1990. During the period fron November 14, 1988 to July 30, 1990, the Company was in the development stage and devoted most of its efforts to financial planning, raising capital, recruiting personnel, and constructing a bank building.

NOTE B--GENERAL

The accompanying consolidated financial statements reflect the accounts of North Georgia National Bancshares, Inc. and its wholly owned subsidiary, North Georgia National Bank. The financial statements as of and for the three months ended March 31, 1992 and for the three months ended March 31, 1991 are unaudited; however, in the opinion of management, all adjustments necessary for a fair presentation of the financial position and results of operations and cash flows have been included. All such adjustments are of a normal recurring nature. These financial statements should be read in conjunction with the Company's 1991 Annual Report on Form 10-K. Results of operations for the three months ended March 31, 1992 are not necessarily indicative of the results of operations for the full year or any interim periods.

NOTE C--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Costs: The expenses associated with the formation of the Company were paid by the Company and capitalized as organizational costs and are being amortized on the straight-line method over a period of five years.

Earnings (loss) per share: Earnings (loss) per share have been computed using the weighted average number of shares outstanding during each period. Common stock equivalents are not dilutive and, therefore, have not been included in weighted average shares outstanding.

Cash Flow Information: For purposes of the statement of cash flows, cash equivalents include amounts due from banks and federal funds sold.

Reclassifications: Certain amounts as previously reported have been reclassified to conform to the current period presentation.

NOTE D--SUBSQUENT EVENTS

The Bank has entered into a agreement with the Resolution Trust Corporation to assume certain assets and purchase certain liabilities of the Administrative Office of First Federal Savings Bank, Ashburn, Georgia. The office of the failed Thrift is located in Fulton County, Georgia which is a part of the secondary trade area. The purchase included approximately $8.2 million in deposits for which the bank paid $252,000. The resolution date was set for April 3, 1992.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion of the Company's financial condition at March 31, 1992 compared to December 31, 1991, and the results of operations for the threee month period ended March 31, 1992 compared to the three month period ended March 31, 1991.

Liquidity and Sources of Capital

The Company was incorporated on November 14, 1988 and began banking operations on July 30, 1990. During the period from November 14, 1988 to July 30, 1990, the Company was in the development stage and devoted most of its efforts to organizing, incorporating, financial planning, raising capital, and recruiting personnel.

During the three months ended March 31, 1992, total assets increased $4,467,828. This increase was a result of the continued efforts to increase the earning assets of the bank as well as increase the core deposit base. The Company increased deposits by $4,499,416 which included non-interest bearing deposits of $1,082,124 and interest bearing deposits of $3,018,479. Rates for interest bearing deposits ranged from 4% to 7.5% for the period. Loans increased $2,164,241 and investment securities decreased $242,821 during the period. Short term investments in federal funds increased $1,375,000 for the three month period.

Liquidity, as defined by short term investments maturing within one year as a percent of deposits, is 30.11% at March 31, 1992. The federal funds position, deposits at financial institutions, and the investment securities portfolio provide liquidity as deposits mature. Management feels that the ratio is adequate in the event of deposit decline and does not anticipate any demands, commitments, or events that will or that are reasonably likely to have any adverse effects on the ability of the Company to maintain adequate liquidity levels.

The following summarizes the interest sensitivity position of the Company at March 31, 1992.

	Time Horizon		
	0 - 3 Months	0 - 6 Months	0 - 12 Months
	(amounts in thousands)		
Interest sensitive assets	$12,983	$16,903	$21,297
Interest sensitive liabilities	12,603	17,175	22,884
Assets less liabilities	$380	($272)	($1,587)

As indicated above, the position within the short term reflects that any change in market rates will not materially affect the ability of the bank to improve earnings, however, during the three month horizon the bank will be able to reprice many of the time deposits to lower rates. This adjustment should allow the bank to decrease its interest expense if rates maintain their present level or decline. Management is continually monitoring this position.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

NORTH GEORGIA NATIONAL BANCSHARES, INC.

Liquidity and Sources of Capital (continued)

The Company's equity to assets ratio of 15.20% at March 31, 1992 decreased from 17.70% at December 31, 1991. This decrease was the result of losses sustained by the bank subsidiary during the first three months of 1991 and the steadily increasing asset base created in the ordinary course of banking by receiving deposits and funding loans. The equity base of the Company remains healthy and above regulatory requirements. The following table illustrates the equity ratios at March 31, 1992 and December 31, 1991.

	March 31, 1992	December 31, 1991
Equity to outstanding loans	27.32%	31.20%
Equity to deposits	18.30%	21.78%
Equity to assets	15.20%	17.70%

Results of Operations

Interest income for the three months ended March 31, 1992 was $595,505. Interest and fees on loans during the three months ended March 31, 1992 was $460,345, representing a yield of 10.90% of average outstanding loans: interest from federal funds sold amounted to $27,862, representing a yield of 3.85% on average outstanding funds sold: and interest on investment securities was $107,296, representing a yield of 7.82% on the average outstanding investment securities. Interest expense for the three month period ended March 31, 1992 was $319,798 representing a cost of funds of 6.64% for interest incurred on certificates of deposit and other interest bearing deposit accounts. Net interest margin for the three months ended March 31, 1992 was 4.27% which is consistent with the budget plan of the Company for the period.

The Company generated $25,273 in service charges and fees on deposit accounts and $2,598 from other charges and fees during the three months ended March 31, 1992. Operating expenses were $309,166 and the provision for loan losses was $26,000 for the three month period ended March 31, 1992. There we no significant increases in operating expenses compared to those of the three months period ended March 31, 1991. The Company reduced its losses during the first quarter of 1992 primarily due to the continued increase in earning assets while being able to reduce its cost of funds and hold operating expenses intact. The Company had a loan loss reserve of $227,000, 1.25% of outstanding loans at March 31, 1992. Management considers this amount to be adequate coverage for any unanticipated loan losses.

The Company recorded a net loss for the three month period ended March 31, 1992 of approximately $36,600, which indicated an improvement over the loss recorded for the three month period ended March 31, 1991 of approximately $177,000.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings - There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or of which any of their property is the subject.

Item 2. Changes in Securities -

(a) No constituent instruments defining the rights of the holders of any class of registered securities have been materially modified.

(b) No rights evidenced by any class of registered securities have been materially limited or qualified by the issuance or modification of any other class of securities.

As of March 31, 1992 the Company had 612,641 shares of common stock, par value $1.00 per share, issued and outstanding to 378 stockholders of record.

Item 3. Submission of Matters to a Vote of Security Holders - No matter has been submitted to a vote of security holders during the quarter.

Item 4. Other Information - There are no other matters of information submitted in this report.

Item 5. Exhibits and Reports on Form 8-K

(a) Exhibits

1. Statement regarding computation of per share earnings

(b) Reports on Form 8-K - Not applicable

SIGNATURES

Pursuant of the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORTH GEORGIA NATIONAL BANCSHARES, INC.

Date: May 13, 1992

By: Donald D. Howard

Donald D. Howard, President
Principal Executive Officer

Date: May 13, 1992

By: Richard E Eason

Richard E. Eason, Senior Vice President
Principal Financial Officer

EXHIBIT 1 - STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS

	For the Three Months Ended March 31, 1992	1991
Net income (loss)	($ 31,588)	($ 177,104)
Weighted average shares outstanding	612,641	612,641
Net income (loss) per share	($ .05)	($ .29)

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(X) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities exchange Act of 1934

10/f

For the quarterly period ended March 31, 1992.

( ) Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition period from ____________ to ____________.

Commission File Number 0-13257.

NORTECH SYSTEMS INCORPORATED
(Exact name of registrant as specified in its chapter)

MINNESOTA	41-1681094
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

641 East Lake St. Suite 234, Wayzata, MN 55391
(Address of principal executive offices) (Zip Code)

(612) 473-4102
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, $.01 per share per value.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____________

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APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

YES X NO

APPLICABLE ONLY TO CORPORATE REGISTRANTS;

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of latest practicable data.

As of April 30, 1992, there were 2,240,794 shares of the Company's $.01 per share par value common stock outstanding.

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NORTECH SYSTEMS INCORPORATED
FORM 10-Q
QUARTER ENDED March 31, 1992

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SIGNATURES 10

NORTECH SYSTEMS INCORPORATED
BALANCE SHEETS
MARCH 31, 1992 AND DECEMBER 31, 1991

ASSETS	MARCH 31 1992 (UNAUDITED)	DECEMBER 31 1991 (AUDITED)
Current Assets		
Cash and cash equivalents	$ 632,468	$ 883,487
Accounts receivable, net	927,428	636,599
Inventories:		
Finished goods	11,822	8,752
Work in process	158,003	68,079
Raw materials	585,493	396,837
Total inventories	$ 755,318	$ 473,668
Prepaid expenses and other	60,869	49,198
Total current assets	$ 2,376,083	$ 2,042,952
PLANT, Property, and Equipment (at Cost)		
Land and Building	$ 840,000	$ 840,000
Manufacturing equipment	843,868	475,239
Office and other equipment	937,381	925,859
Leasehold inprovements	3,468	0
	$ 2,624,717	$ 2,241,098
Less accumulated depreciation and amortization	(1,330,396)	(1,310,244)
	$ 1,294,321	$ 930,854
Other Assets	1,000	1,000
Total Assets	$ 3,671,404	$ 2,974,806

NORTECH SYSTEMS INCORPORATED
BALANCE SHEETS
MARCH 31, 1992 AND DECEMBER 31, 1991

LIABILITIES AND SHAREHOLDERS' EQUITY

	MARCH 31 1992 (UNAUDITED)	DECEMBER 31 1991 (AUDITED)
Current Lialilities:		
Current maturities of long-term debt	$ 175,245	$ 173,772
Accounts payable	770,895	400,505
Accured payrolls and commissions	210,744	143,603
Accured professional services	6,858	27,240
Other	11,248	49,845
Total Current Liabilities	$ 1,174,990	$ 794,965
Long-Term Debt		
Notes Payable (net of current maturities shown above)	$ 1,198,491	$ 1,012,942
Shareholders' Equity:		
preferred stock, $1 par value; 1,000,000 shares authorized; 250,000 shares issued and outstanding in 1991	$ 250,000	$ 250,000
common stock - $.01 par value; 9,000,000 shares authorized; 2,240,794 shares issued and outstanding in 1991	22,408	22,408
additional paid-in capital	11,322,929	11,322,929
accumulated deficit	(10,297,414)	(10,428,438)
Total Shareholders' Equity	$ 1,297,923	$ 1,166,899
Total Liabilities and Shareholders' Equity	$ 3,671,404	$ 2,974,806

NORTECH SYSTEMS INCORPORATED
STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS ENDED
MARCH 31, 1992 AND MARCH 31, 1991

	MARCH 31 1992 (Unaudited)	MARCH 31 1991 (Unaudited)
Sales	$ 1,601,171	$ 1,637,243
Cost of Sales	1,245,922	1,325,865
Gross Profit	$ 355,249	$ 311,378
Selling, General and Admin.	214,420	164,685
Misc. (Income) Expense, net	(36,904)	(17,257)
Interest Expense	31,765	18,849
Net Income (Loss) Before Extraordinary Gains	$ 145,968	$ 145,101
Extraordinary Gains	0	0
Net Income	$ 145,968	$ 145,101
Income (Loss) per Share of Common Stock		
Before extraordinary gains	$ 0.07	$ 0.06
Extraordinary gains	$ 0.00	$ 0.00
Net income	$ 0.07	$ 0.06
Weighted Average Number of Shares Outstanding	2,240,794	2,240,794

NORTECH SYSTEMS INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED
MARCH 31, 1992 AND MARCH 31, 1991

	MARCH 31 1992 (UNAUDITED)	MARCH 31 1991 (UNAUDITED)
Cash Flows from Operating Activities		
Net Income	$ 145,968	$ 145,101
Adjustments to reconcile net lossto net cash used by operating activities:		
Depreciation and amortization	20,152	7,124
Provision for losses on acct/rec.	0	0
Gain on sale of capital equip.	0	0
Extra-ord.gain on conv. debt/com/stk	0	0
Changes in Operating Assets and Liabilities:		0
Accounts receivable	(290,829)	(152,991)
Inventories	(281,650)	28,865
Prepaid expenses	(11,671)	(5,580)
Other assets	0	0
Accounts payable	370,390	(44,662)
Accured payrolls	67,141	111,456
Other accruals	(58,979)	(106,501)
Deferred lease credits	0	0
Net cash used by operating act.	(39,478)	(17,198)
Cash Flows from Investing Activities:		
Acquistion of equipment	(383,619)	(2,495)
Proceeds from sale of equipment	0	0
Payment of pref. stock dividend	(14,946)	0
Net cash used by investing act.	(398,565)	(2,495)
Cash Flows from Financing Activities:		
Net borrowing of L/T debt	235,000	0
Payments of long term debt	(49,343)	(21,851)
Change in current debt	1,367	(690)
Net cash provided by financing activities	187,024	(22,541)
Net Increase (Decrease) in Cash	(251,019)	(42,224)
Cash at Beginning of Period	883,487	396,466
Cash at End of Period	$ 632,468	$ 354,242

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations for Quarter Ended March 31, 1992.

For the quarter ended March 31, 1992, the Company had revenues of $1,601,171 compared to revenues of $1,637,243 for the quarter ended March 31, 1991. The net income for the three months ended March 31, 1992 was $145,968 or $.07 per share, compared to a net income of $145,101 or $.06 per share, for the three months ended March 31, 1991.

The Company's order backlog was $1,980,072 as of March 31, 1992, compared to $1,540,351 at the beginning of the quarter. Based on the current conditions the Company anticipates higher revenue levels in the second quarter of 1992 compared to the first quarter of 1992.

Liquidity and Capital Resources.

The Company's working capital decreased to $1,201,093 during the first quarter of 1992, compared to $1,247,987 as of December 31, 1991. The decreased working capital is due to the purchase of capital assets needed for increased production. The Company believes that its financial stability will continue to improve during 1992 and would expect that its operating cash flow will be sufficient to fund the expected growth in the near term.

PART II - OTHER INFORMATION

Item 2. Exhibits and Reports on Form 8-K.

A. No exhibits are filed as part of this Quarterly Report on Form 10Q.

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SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 13, 1992

NORTECH SYSTEMS INCORPORATED

By: /b/

Quentin E. Finkelson
Its President and Chief
Executive Officer

By: /b/

Garry M. Anderly
Principal Financial
Officer and Principal
Accounting Officer

[redacted]

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For Quarter Ended September 30, 1991 Commission File No. 33-43417-A

PHOTEES, INC. /FL
(Exact Name of Registrant as Specified in its Charter)

FLORIDA
(State or Other Jurisdiction of Incorporation or Organization)

65-0232181
I.R.S. Employer Identification Number)

320 South Military Trail, Deerfield Beach, Florida 33442
(Address of Principal Executive Office) (Zip Cc

Registrant's Telephone Number, Including Area Code 305/426-2087

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past ninety days.

Yes X No ___

The number of shares of registrant's Common Stock, $.0001 par value, outstanding as of February 29, 1992 was 490,000 shares.

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PHOTEKS, INC.

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Statement of Cash Flows (Unaudited) -- For the Nine Month Period Ended September 30, 1991 3

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

PHOTEES, INC.
(A Developmental Stage Company)
CONSOLIDATED BALANCE SHEET

	September 30 1991 (Unaudited)	December 31 1990
ASSETS		
CURRENT ASSETS:		
Cash	$ 7,258	$ 2,858
Accounts receivable	5,154	694
Inventories	12,606	18,721
Prepaid expenses	519	477
Due from related parties	55	35
Total Current Assets	25,592	22,785
PROPERTY, PLANT AND EQUIPMENT:		
Furniture and equipment	6,878	6,272
Less: Accumulated depreciation	(1,244)	(484)
Total Property, Plant and Equipment	5,634	5,788
OTHER ASSETS:		
Organization costs, Net	1,705	2,023
Deposits	2,016	519
Total Other Assets	3,721	2,542
TOTAL ASSETS	$ 34,947	$ 31,115
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$22,191	$ 1,559
Due to affiliate	10,524	4,682
Due to related parties	48,682	37,142
Total Current Liabilities	81,397	43,383
SHAREHOLDERS' EQUITY:		
Common Stock	980	2,000
Additional paid-in capital	1,499	-
Retained earnings (deficit)	(48,929)	(14,268)
Total Shareholders' Equity (Deficiency)	(46,450)	(12,268)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$ 34,947	$ 31,115

PHOTEES, INC.
(A Developmental Stage Company)
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Two Months Ended September 30, 1991	Nine Months Ended September 30, 1990
Sales	$ 39,827	$174,759
Cost of Sales	12,913	89,759
Gross Profit	26,914	85,000
Selling, General and Administrative Expense	29,706	119,661
Operating Income (Loss)	(2,792)	(34,661)
Other Income	-	-
Net Income (Loss)	$(2,792)	$(34,661)
Net Income (Loss) Per Share	$ -	$(.08)
Weighted Average Shares Outstanding	490,000	427,300

The accompanying notes are an integral part of these financial statements.

PHOTEES, INC.
(A Developmental State Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 1991
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income (loss)	$ (34,661)
Non-Cash Items Included in Net Income (loss):	
Amortization and Depreciation	1,078
Changes in Assets and Liabilities:	
(Increase) Decrease in accounts receivable	(4,460)
(Increase) Decrease in inventories	6,115
(Increase) Decrease due from related parties	(20)
(Increase) Decrease in prepaid expenses	(42)
Increase (Decrease) in accounts payable	20,632
Net Cash Provided (Used) By Operations	(11,358)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(606)
Increase in deposits	(1,497)
Net Cash Provided (Used) By Investing Activities	(2,103)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Issuance of Common Stock	479
Increase in short term borrowing	17,382
Net Cash Provided (Used) by Financing Activities	17,861
NET INCREASE (DECREASE) IN CASH	4,400
CASH AT BEGINNING OF PERIOD	2,858
CAST AT END OF PERIOD	$7,258

The accompanying notes are an integral part of these financial statements.

PROTEKS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. **BASIS OF REPRESENTATION**

The accompanying financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the financial position and the results of operations for the interim periods presented.

Certain financial information which is normally included in financial statements prepared in accordance with generally accepted accounting principals, but which is not required for interim reporting purposes has been condensed or omitted. The accompanying financial statements should be read in conjunction with the financial statements and notes thereto as of December 31, 1990 and July 31, 1991 contained in the Company's Prospectus dated December 13, 1991 which is included in the registration statement filed by the Company.

The Company's December 31, 1990 financial statements have been restated on a consolidated basis rather than a combined basis, as originally prepared, to give effect to the acquisition of Fabrika USA, Inc. as a wholly owned subsidiary of the Company, which acquisition occurred on June 3, 1991.

Because the Company was not in existence during the corresponding period of the prior fiscal year, no comparative financial statements for such period are presented.

2. **EARNINGS (LOSS) PER SHARE**

Per share information is computed based on the weighted average number of shares outstanding during the period giving retroactive effect to the acquisition of Fabrika USA, Inc. by the Company.

2. **SUBSEQUENT EVENTS**

The Company's registration statement relating to an initial public offering of a minimum of 10,000 and a maximum of 20,000 Units, each Unit consisting of one share of Common Stock, ten Class A Warrants and ten Class B Warrants, was declared effective by the Securities and Exchange Commission on December 13, 1991. The Company closed its initial public offering on March 4, 1992 having sold 15,666.33 Units for gross offering proceeds of $46,999.

Item 2. Management's Discuss and Analysis of Financial Condition and Results of Operations

Material Changes in Results of Operations

During the period ended September 30, 1991, the Company continued to implement its business plan, including the expansion of its marketing network. The Company also commenced preparation off a registration statement in connection with a proposed public offering of its securities.

Operations for the two and nine month periods ended September 30, 1991, produced revenues of $39,827 and $174,759 respectively, and gross profit of $26,914 and $85,000, respectively. The Company reported net losses for such period of $2,792 and $34,661, respectively. As the Company was not in existence at September 30, 1991, there is no comparable period with which to compare the Company's operating results.

Management believes that as funds are provided from the Company's public offering and other financing sources, the Company will be able to further broaden its marketing network resulting in greater market penetration and market share through implementation of various marketing techniques which have not to date been utilized due to limited funding. Management also believes that the implementation of such techniques and expected increase in sales, the Company will be able to increase its profit margins by acquiring paper inventories in larger quantities on more favorable terms resulting in lower per Unit cost of sales. There is no assurance, however, as to the amount and timing of receipt of offering proceeds or that such proceeds will be sufficient to permit the Company to implement all of the desired marketing techniques.

Management also believes that the Company's general, selling and administrative expenses which represented 75% and 68% of gross sales for the two and nine months ended September 30, 1991, will grow at a slower rate than sales and gross profit with the completion of the Company's start-up phase and increasing sales as a result of implementation of the above mentioned marketing techniques.

Subsequent to September 30, 1991, on December 13, 1991, the Company's registration statement was declared effective by the Securities and Exchange Commission. On March 4, 1992, the Company closed its initial public offering having sold 15,666.33 Units out of 20,000 Units offered, providing gross offering proceeds of $46,999.

Material Changes in Financial Condition, Liquidity and Capital Resources

The Company's working capital deficit grew from $20,598 at December 31, 1990 to $55,305 at September 30, 1991. The majority of said deficit and the growth in said deficit related to short-term loans or advances from officers, directors and affiliates of the Company which totaled $59,206 at September 30, 1991, as compared to $41,824 at December 31, 1991.

While the Company's officers and affiliates intend to continue to fund Company operations for the foreseeable future, the Company is highly dependent upon the receipt of funds from its public offering and the exercise of Warrants issued therein to fully implement its plan of operations. The Company, subsequent to September 30, 1991, on March 4, 1992, closed its public offering having received gross proceeds of $46,999. With the completion of its public offering, the Company has warrants outstanding and exercisable that, if exercised, will provide approximately $900,000 of additional funding. While management believes that at least $100,000 of warrant proceeds will be required to implement its business plan for the next twelve months, there is no assurance as to the timing or amount of proceeds which will be received from the Warrants, if any.

PART II - OTHER INFORMATION

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PHOTEES, INC.

Date: MARCH 23, 1992

By:
CARL H. CANTER, Chief Executive Officer

Date: March 23, 1992

By: Roberta Wehr
ROBERTA WEHR, Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

_X_ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

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OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number
1-5673

RANGER INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Connecticut	06-0768904
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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c/o Zeisler & Zeisler
558 Clinton Avenue
Bridgeport, Connecticut 06605
(Address of principal executive offices)

(212) 642-
(Registrant's telephone number

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_ No___

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes _X_ No___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 14, 1992
Common Stock, $.01 par value	4,000,000 shares

RANGER INDUSTRIES, INC.
(formerly Coleco Industries, Inc.)

CONSOLIDATED BALANCE SHEETS

March 31, 1992 and December 31, 1991

ASSETS

	(Unaudited) March 31, 1992	December 31, 1991
Current assets:		
Cash and equivalents	$ 693,310	$ 709,714
Receivable from Reorganization Trust	-	8,516
Prepaid insurance	7,662	16,162
Prepaid state income taxes	1,247	-
Total assets	$ 702,219	$ 734,392
Current liabilities:		
Accounts payable and accrued liabilities	$ 26,364	$ 14,259
Total liabilities	26,364	14,259
Stockholders' equity:		
Common stock - $.01 par value, 20,000,000 shares authorized, 4,000,000 shares issued and outstanding	40,000	40,000
Capital in excess of par value	910,000	910,000
Retained deficit	(274,145)	(229,867)
Total stockholders' equity	675,855	720,133
Total liabilities and stockholders' equity	$ 702,219	$ 734,392

The accompanying notes are an integral part of the consolidated financial statements.

RANGER INDUSTRIES, INC.
(formerly Coleco Industries, Inc.)

CONSOLIDATED STATEMENTS OF OPERATIONS

for the quarters ended March 31, 1992 and March 31, 1991

(Unaudited - See Accountants' Compilation Report)

	1992	1991
Net sales	$ -	$ -
Operating costs and expenses:		
Administrative expences	51,420	50,119
Interest income	7,142	12,074
Net loss	$(44,278)	$(38,045)
Net loss per share	$ (.01)	$ (.01)

The accompanying notes are an integral part of the consolidated financial statements.

RANGER INDUSTRIES, INC.
(formerly Coleco Industries, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the quarters ended March 31, 1992 and March 31, 1991

(Unaudited - See Accountants' Compilation Report)

	1992	1991
Cash flows from operating activities:		
Net loss	$(44,278)	$(38,045)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in non-cash assets and liabilities:		
Decrease in receivable from Reorganization Trust	8,516	-
Decrease in prepaid insurance	8,500	8,500
(Increase) in prepaid state income taxes	(1,247)	(750)
Increase in accounts payable	12,105	7,450
Total adjustments	27,874	15,200
Net cash used in operating activities	(16,404)	(22,845)
Cash and cash equivalents at beginning of the period	709,714	843,496
Cash and cash equivalents at end of the period	$693,310	$820,651
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Income taxes	$ 3,057	$ 750

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization:

On July 11, 1988, Ranger Industries, Inc. (formerly Coleco Industries, Inc.) and its subsidiaries, Ranger Industries (Delaware), Inc. (formerly Lakeside Industries, Inc.), and Ranger Industries (New York), Inc. (formerly Selchow & Righter Company), (collectively the "Company") filed voluntary petitions in the United States Bankruptcy Court seeking protection from creditors under Chapter 11 of the Federal Bankruptcy Code (the "Code").

On October 31, 1989, the Company filed an Amended Plan of Reorganization with the Federal Bankruptcy Court. This Plan was revised and on November 29, 1989, the Company filed its Second Amended and Restated Consolidated Plan of Reorganization (the "Plan") with the Federal Bankruptcy Court. On December 4, 1989, the Disclosure Statement corresponding to the Plan was approved by the Court for distribution to creditors and stockholders. The Plan was approved by vote of the creditors and stockholders of the Company, and by entry of an order dated February 1, 1990, the Plan was confirmed by the United States Bankruptcy Court for the Southern District of New York. The effective date of the Plan was February 28, 1990.

The Plan provided for the creation of the Reorganization and Product Liability Trusts in order to liquidate the Company's remaining assets and effectuate distributions to the Company's creditors. The Plan also provided for the emergence of reorganized Ranger Industries, and further contemplates that Ranger will engage in the business of acquiring income producing properties or businesses. In this regard, all remaining assets and liabilities, except for $950,000 retained by the Company for working capital purposes, were transferred to the Reorganization and Product Liability Trusts, respectively, effective February 28, 1990.

Additionally, on February 28, 1990, all existing equity and debt securities previously issued by Ranger Industries, Inc. were cancelled. The previously existing stock was replaced with 4,000,000 shares of new common stock in Ranger Industries, Inc. with a par value of $.01 per share. The new stock will be initially held by the Reorganization Trust, but will ultimately be distributed to the unsecured creditors in accordance with the Plan. In addition, 10,000,000 shares of no par value preferred stock have been authorized although none have yet been issued.

2. Management's Representation:

The accompanying financial statements should be read in conjunction with the Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's 1991 Annual Report filed on Form 10-K and in this Form 10-Q report.

In the opinion of management, all adjustments necessary for a fair presentation of the results for the interim periods have been made.

3. Income Taxes:

At March 31, 1992, it is estimated that the Company had adjusted tax net operating loss carryforwards and future deductions of approximately $173 million after giving effect to the Plan and the transactions contemplated thereby, which may be used to offset future taxable income, subject to several limitations, and which begin to expire in the year 2002. These amounts include the tax consequences of the activity of the Reorganization and Product Liability Trusts, as well as the activity of Ranger Industries, Inc. At March 31, 1992, the Company had an AMT loss carryforward of approximately $165 million which will begin to expire in the year 2002. The Company also has approximately $14 million in tax credit carryforwards which will begin to expire in 1992. At the current tax rates, the taxable income equivalent of the credit carryforwards is approximately $41 million.

At March 31, 1992, Ranger Industries, Inc. had net operating losses for financial reporting purposes of approximately $274,000, without giving effect to the activity of the Reorganization and Product Liability Trusts, which are available to be carried forward to future periods. These carryforwards begin to expire in 2005.

Under current tax laws, the Internal Revenue Code provides for certain limitations following an "ownership change." Accordingly, under the confirmed Plan of Reorganization, the continued availability of the Company's net operating loss carryforwards and other tax attributes may be subject to substantial limitations (also see Note 4).

4. **Treasury Regulation:**

On January 6, 1992 the Department of the Treasury promulgated new Treasury Regulations. These regulations interpret section 269 of the Internal Revenue Code which permits the Internal Revenue Service to deny corporations the ability to use tax benefits, such as net operating losses ("NOLs") where control of the corporation was acquired for the principal purpose of avoiding tax. The regulations provide that if a corporation in a bankruptcy reorganization that qualifies for an exemption from the general rule limiting the use of net operating loss carryforwards does not carry on a significant amount of an active trade or business during an subsequent to such bankruptcy reorganization, the Internal Revenue Service will presume, absent a showing of strong evidence to the contrary, that the principal purpose of the reorganization was to evade or avoid Federal income tax and that section 269 should apply. The regulations are only effective, by their terms, with respect to acquisitions of control of corporations occurring after August 14, 1990, and accordingly they do not apply to Ranger Industries, Inc.

Despite the inapplicability of these regulations to Ranger, the issue of essentially inactive reorganized companies with NOLs that survive bankruptcy intact has now been firmly raised in the eyes of the Internal Revenue Service. Accordingly, due to the Company's disposition of its historic toy businesses to Hasbro and the Company's switch to a new business of acquiring investment, it is possible that the Internal Revenue Service may assert that the Company has not carried on a significant trade or business during and subsequent to its reorganization. If such an assertion is made and ultimately sustained, then the Company would be unable to utilize its estimated $173 million of net operating loss carryforwards. This could have a materially adverse effect on the Company's ability to attract outside investors willing to invest in the Company. Notwithstanding these regulations, there can be no assurance that the Company will be able to attract sufficient outside investment to allow it to continue to operate, once its current working capital is depleted. The consolidated financial statements do not include any adjustments that might result from the resolution of these uncertainties.

5. Related Party Transactions:

The Company has entered into an Agreement with Sass Lamle Rubin & Company ("SLR"), of which James B. Rubin is Senior Managing Director, by which SLR will provide accounting, administrative, financial, legal, secretarial and other support services at the Company's request. The Compary incurred costs of $4,800 and $5,400 for these services for the quarters ended March 31, 1992 and 1991, respectively. Effective August 1, 1990, Mr. Rubin, as Chief Executive Officer, is entitled to an annual salary of $50,000. All fees for his services during the year have been included in administrative expenses in the consolidated financial statements. Included in accounts payable and accrued liabilities at March 31, 1992 and December 31, 1991 are $-0- and $9,517, respectively, of fees owed to Mr. Rubin for his services.

At the Reorganization Trustee's request, the Company had made available certain employees of the Company to assist the Trustee in discharging his duties under the Trust through October 1, 1990. The Trustee is the record holder of more than 5% of the issued and outstanding new common stock. Pursuant to the arrangement between the Company and the Trustee, the Trustee paid the employees for services rendered in the same amount which the Company would normally pay them. The amount paid by the Trustee to the employees from the inception of the arrangement in March 1990 through its termination in September 1990 was approximately $1,000,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

This discussion should be read in conjunction with Part II, Item 1 "Legal Proceedings" and the Consolidated Financial Statements including the Notes thereto.

During the first quarter of 1990, Ranger Industries, Inc. (the "Company" or "Ranger") emerged from bankruptcy on February 28, 1990. The Company filed a voluntary petition on July 11, 1988 under Chapter 11 of Title 11 of the United States Code seeking protection from creditors. The Company and the Company's Official Committee of Unsecured Creditors jointly proposed and filed the Second Amended and Restated Consolidated Plan of Reorganization dated November 29, 1989 (the "Plan") with the Bankruptcy Court. The effective date of the Plan was February 28, 1990.

Management believes that the business potential of the Company is contingent upon an acquisition strategy designed to generate earnings and cash flow. The utilization of the Company's net operating and other tax loss carryforwards should help it to achieve its long-term potential. Accordingly, the Company is seeking one or more individuals or entities ("Investors") willing to invest in the Company in consideration for less than 50 percent of the Common Stock. Although such a transaction would result in the issuance of not more than four million additional shares of the common stock, par value $.01 per share (the "Common Stock"), and a substantial dilution of the percentage equity interest of other holders of the Common Stock, the Company believes that its ability to continue to exist in the long term is dependent upon attracting one or more Investors. There can be no assurance that the Company will attract Investors or that it will be able to successfully acquire other businesses. The Company did not issue any shares of the Common Stock to any Investors in the first quarter of 1992.

Liquidity and Capital Resources

The Company's liquidity and capital resources have been completely changed as a result of the effectiveness of the Plan. The Bankruptcy Court approved the establishment of the Reorganization Trust as the primary vehicle for distributions under the Plan and the Product Liability Trust to fund, process and liquidate future product liability claims. Concurrently with the creation of the two trusts, the Company distributed all its cash (except for $950,000 retained as working capital) and other assets and liabilities to creditors and the trusts, and the trusts assumed responsibility for substantially all remaining cash distributions pursuant to the Plan to be made to holders of claims and interests. The Reorganization Trust, pursuant to the Plan, funds all costs incurred by Ranger which relate to implementation of the Plan. Such costs include an allocated share of certain expenses for Company employees, professional fees and certain other administrative expenses.

The Company's working capital immediately after consummation of the Plan was $950,000, representing the only monies the Company did not transfer to the Reorganization Trust. The Company's current working capital is approximately $675,800 as of March 31, 1992. Such sum (and any earnings the Company receives upon the investment thereof) is the Company's only source of cash. Management believes that such sum is adequate to enable the Company to meet its needs through calendar 1992. Over the longer term, unless the Company develops additional sources of funds, the Company will be a net user of cash and will deplete its cash reserves. The Company's projected cash flow will not be sufficient to cover expenses applicable to a publicly held company. The Company has no existing credit lines or commitments from any lenders and does not believe it will be able to obtain any substantial credit line or commitment under current circumstances.

The Company's ability to continue beyond the short term is dependent upon its ability to attract Investors. There can be no assurance that the Company will attract Investors or that it will be successful in operating its business of acquiring investments.

Changes in Financial Condition

The Company's financial condition is set forth in the Balance Sheet as of March 31, 1992. See "Overview" and the discussion of "Liquidity and Capital Resources" immediately above for an overview of the financial condition of Ranger at March 31, 1992.

As a result of confirmation of the Plan, all creditors' claims dealt with under the Plan have been assumed by the Reorganization Trust or the Product Liability Trust. Secured creditor claims were paid by the Reorganization Trust shortly after the Effective Date. Except as otherwise provided in the Plan, under the confirmation order all claims which arose prior to the confirmation have been discharged.

Results of Operations

Results of operations for March 31, 1992 reflect the fact that the Company is dependent on its ability to attract Investors.

Three Months Ended March 31, 1992

During the first quarter of 1992, the Company had no net sales as it continued to pursue Investors but had interest income of $7,142. During this period, operating costs and expenses, principally administrative expenses, were $51,420. For the three-month period ended March 31, 1991, the Company had interest income of $12,074 and no income from sales, while operating costs and expenses were $50,119. Operating costs exceeded income resulting in a net loss of $44,278 for the three months ended March 31, 1992.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

On July 11 1988, Ranger and its principal subsidiaries filed voluntary petitions for reorganization under Chapter 11 of Title 11 of the United States Code. On November 29, 1989, the Company and the Official Committee of Unsecured Creditors of the Company jointly proposed and filed the Second Amended and Restated Consolidated Plan of Reorganization (the "Plan") with the Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). A full evidentiary hearing to consider confirmation of the Plan was held on January 30 and 31, 1990 and by order of the Bankruptcy Court entered on February 1, 1990, the Plan was confirmed. The Effective Date of the Confirmation was February 28, 1990 (the "Effective Date").

The Plan provided for the distribution to unsecured creditors (other than the holders of small claims) of the proceeds from the sales of substantially all of the assets of the Company and its principal subsidiaries and the issuance of new common stock in a reorganized Ranger.

The Plan provides for the payment in full in cash of all administrative and priority claims and all secured claims. The Company believes that there will be sufficient insurance coverage to pay all insured claims; to the extent that available insurance coverage proves to be inadequate, any resulting deficiency will be paid as a general unsecured claim. In addition, the Plan provides for a 24% cash payment to holders of small claims ($5,000 or less or voluntarily reduced to $5,000, excluding debentures claims). Each former shareholder (treating preferred shareholders as owning 100 shares of Common Stock for each share of Preferred owned) will be entitled to receive its pro-rata share of $225,000, but not less than $1.00. After payment of the above-mentioned claims, unsecured creditors will receive distributions of (a) warrants representing a right to purchase one-quarter share of the common stock of Hasbro exercisable in accordance with the terms of a certain Warrant Agreement and (b) all remaining cash and the proceeds generated from the liquidation of the Company's assets less (i) $950,000 to fund the working capital requirements of the reorganized Ranger and (ii) the costs and expenses of administering the trusts created to make distributions to unsecured creditors and product liability claimants.

Under the Plan, the Company's obligations to make distributions to unsecured creditors and product liability claimants will be assumed by two trusts created pursuant to the Plan, a reorganization trust and a product liability trust.

Item 5. Other Information

On January 6, 1992 the Department of the Treasury promulgated new Treasury Regulations. These regulations interpret section 269 of the Internal Revenue Code which permits the Internal Revenue Service to deny corporations the ability to use tax benefits, such as net operating losses, where control of the corporation was acquired for the principal purpose of avoiding tax. The regulations provide that if a corporation in a bankruptcy reorganization qualifies for an exemption from the general rule limiting the use of net operating loss carryforwards (NOLs) but does not carry on a significant amount of an active trade or business during and subsequent to such bankruptcy reorganization, the Internal Revenue Service will presume, absent a showing of strong evidence to the contrary, that the principal purpose of the reorganization was to evade or avoid Federal income tax and that section 269 should apply. The regulations are only effective, by their terms, with respect to acquisitions of control of corporations occurring after August 14, 1990; accordingly they do not apply to Ranger.

As a practical matter, the fact that the regulations will not apply the presumption to Ranger may be only of limited benefit. The issue of temporarily inactive reorganized companies with NOLs that survive bankruptcy intact has now been firmly raised in the eyes of the IRS field auditors. There is, therefore, a risk that they will be more likely to find and challenge the NOLs of such companies even without the ability to utilize the presumption contained in the new regulations. Any such challenge, if successful, would have a material detrimental effect on Ranger.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

11	Computation of Earnings per share.
15	Letter regarding unaudited interim financial information

(b) Reports on Form 8-K:

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RANGER INDUSTRIES, INC.

May 15, 1992

By:

James B. Rubin, President,
Chief Executive Officer, and
Acting Chief Financial Officer

Exhibit 11

Computation of Earnings Per Share

	For the quarter ended March 31, 1992	For the quarter ended March 31, 1991
Primary:		
Net loss	$ (44,278)	$ (38,045)
Average common shares outstanding	4,000,000	4,000,000
Primary loss per share	$ (.01)	$ (.01)
Fully Diluted:		
Net loss	$ (44,278)	$ (38,045)
Average common shares outstanding	4,000,000	4,000,000
Fully-diluted loss per share	$ (.01)	$ (.01)

Coopers
&Lybrand

certified public accountants

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Ranger Industries, Inc.
(formerly Coleco Industries, Inc.)

The accompanying consolidated balance sheet of Ranger Industries, Inc. and Subsidiaries as of March 31, 1992, and the related consolidated statements of operations and cash flows for the quarters ended March 31, 1992 and March 31, 1991 were not audited by us and, accordingly, we do not express an opinion or any other form of assurance on them.

The consolidated financial statements, including the consolidated balance sheet, for the year ended December 31, 1991 were audited by us, and we expressed an unqualified opinion on them, which included an explanatory paragraph with respect to the uncertainty about the Company's ability to attract sufficient outside investment to allow it to continue to operate once its working capital is depleted, in our report dated February 26, 1992, but we have not performed any auditing procedures since that date.

Coopers & Lybrand

Hartford, Connecticut
May 13, 1992

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

For Quarter Ended May 31, 1992

Commission File No. 03362

SI HANDLING SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

vania (State [illegible] jurisdiction of incorporation or organization)	22-1643428 (I.R.S. Employer Identification No.)
Kesslersville Road, P. O. Box 70, Easton, PA (Address of principal executive offices)	18044-0070 (Zip Code)

Registrant's telephone number: 215-252-7321

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes X No___

Number of shares of common stock, par value $1.00 per share, outstanding as of May 31, 1992: 1,622,829.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements
SI HANDLING SYSTEMS, INC. and Subsidiary
Consolidated Balance Sheets
(in thousands, except share data)

ASSETS	May 31, 1992	March 1, 1992
Current assets:		
Cash and cash equivalents, principally time deposits	$ 2,875	4,861
Receivables:		
Trade	3,687	3,504
Notes and other receivables	50	37
Total receivables	3,737	3,541
Costs and estimated earnings in excess of billings	1,591	1,290
Inventories:		
Raw materials	1,770	710
Finished goods and work in process	1,526	841
Total inventories	3,296	1,551
Deferred income tax benefits	275	275
Prepaid expenses and other current assets	400	304
Total current assets	12,174	11,822
Property, plant and equipment, at cost:		
Land	27	27
Buildings and improvements	3,227	3,227
Machinery and equipment	3,418	3,312
	6,672	6,566
Less accumulated depreciation	4,897	4,789
Net property, plant and equipment	1,775	1,777
Deferred income tax benefits	91	91
Other assets, at cost less accumulated amortization of $148 in 1993 and $136 in 1992	298	255
Total assets	$14,338	13,945

See accompanying notes to consolidated financial statements.

Item 1. Financial Statements (Continued)
SI HANDLING SYSTEMS, INC. and Subsidiary
Consolidated Balance Sheets
(in thousands, except share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	May 31, 1992	March 1, 1992
Current liabilities:		
Current installments of long-term debt	$ 1,018	365
Accounts payable	1,585	1,448
Customers' deposits and billings in excess of costs and estimated earnings	1,972	2,377
Accrued salaries, wages, and commissions	602	296
Income taxes payable	282	719
Accrued royalties payable	205	629
Accrued other liabilities	824	862
Total current liabilities	6,488	6,696
Long-term liabilities:		
Long-term debt, excluding current installments:		
Mortgages payable	126	131
Total long-term debt	126	131
Excess of acquired net assets over cost, less accumulated amortization of $25 in 1993	475	-
Deferred compensation	16	13
Total long-term liabilities	617	144
Stockholders' equity:		
Common stock, $1 par value; authorized 5,000,000 shares; issued 1,679,134 shares in 1993 and 1992	1,679	1,679
Additional paid-in capital	4,525	4,525
Retained earnings	1,374	1,246
	7,578	7,450
Less treasury stock, at cost (56,305 shares in 1993 and 1992)	(345)	(345)
Total stockholders' equity	7,233	7,105
Total liabilities and stockholders' equity	$14,338	13,945

See accompanying notes to consolidated financial statements.

Item 1. Financial Statements (Continued)

SI HANDLING SYSTEMS, INC. and Subsidiary
Consolidated Statements of Operations
(in thousands, except per share data)

	3 Months ended May 31, 1992	3 Months ended June 2, 1991
Net sales	$7,476	4,428
Cost of sales	5,401	3,270
Gross profit on sales	2,075	1,158
Selling, general, and administrative expenses	1,548	1,111
Product development costs	134	104
Interest expense	28	21
Interest income	(44)	(195)
Other expense (income), net	5	(4)
	1,671	1,037
Earnings from operations before income taxes	404	121
Income taxes	113	-
Net earnings	$ 291	121
Net earnings per common share and common share equivalent*	$ .18	.07
Dividends per share	$ .10	-

*On October 9, 1991, the Board of Directors declared a 10% stock dividend payable on November 4, 1991 to stockholders of record on October 21, 1991. Earnings per share for all periods presented reflect the 10% stock dividend and are based on the weighted average number of shares outstanding and equivalent shares from dilutive stock options and warrants which were 1,658,000 and 1,621,000, respectively, at May 31, 1992 and June 2, 1991.

See accompanying notes to consolidated financial statements.

tem 1. Financial Statements (Continued)
I HANDLING SYSTEMS, INC. and Subsidiary
onsolidated Statements of Cash Flows
in thousands)

	Three Months Ended May 31, 1992	Three Months Ended June 2, 1991
ash flows from operating activities:		
Net earnings	$ 291	121
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Depreciation of plant and equipment	108	112
Amortization of intangibles and deferred costs	(13)	11
Changes in operating assets and liabilities, net of effects of purchase accounting adjustments related to purchase of SI Systems, Inc.:		
Receivables	2,622	(1,061)
Costs and estimated earnings in excess of billings	(199)	258
Inventories	86	(26)
Prepaid expenses and other current assets	28	(38)
Accounts payable	(667)	93
Customers' deposits and billings in excess of costs and estimated earnings	(919)	(694)
Accrued salaries, wages, and commissions	15	23
Income taxes payable	(437)	-
Accrued royalties payable	(424)	34
Accrued other liablities	(443)	126
Deferred compensation	3	-
Net cash provided (used) by operating activities	51	(1,041)
Cash flows from investing activities:		
Additions to property, plant and equipment	(106)	(76)
Additions to intangibles	(56)	-
Acquisition of SI Systems, Inc., net of cash acquired	(996)	-
Net cash used in investing activities	(1,158)	(76)
Cash flows from financing activities:		
Repayment of long-term debt, including current portion	(879)	(24)
Net cash used in financing activities	(879)	(24)
Increase (decrease) in cash and cash equivalents	(1,986)	(1,141)
Cash and cash equivalents, beginning of year	4,861	3,729
Cash and cash equivalents, end of quarter	$2,875	2,588
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 26	20
Income taxes	$ 550	-

Item 1. Financial Statements (Continued)
SI HANDLING SYSTEMS, INC. and Subsidiary
Consolidated Statements of Cash Flows (Continued)
(in thousands)

	Three Months Ended May 31, 1992	Three Months Ended June 2, 1991
Supplemental disclosures of noncash financing and investing activities:		
Issuance of note for acquisition of SI Systems, Inc.	$1,000	-
Excess of acquired net assets over cost related to acquisition of SI Systems, Inc.	$ 500	-
Cash dividends declared in May but payable in June	$ 163	-

See accompanying notes to consolidated financial statements.

Item 1. Financial Statements (Continued)

SI HANDLING SYSTEMS, INC. and Subsidiary
Notes to Consolidated Financial Statements
Three Months ended May 31, 1992 and June 2, 1991

(1) **The information** contained in this 10-Q report is unaudited and is subject to **year-end adjustments** and audit. However, in the opinion of management, the interim financial statements furnished reflect all adjustments and accruals which are necessary to a fair statement of results for the interim periods presented.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources - $(000's)

The Company's cash and cash equivalents decreased to $2,875 during the first quarter of fiscal 1993 from $4,861 at the end of fiscal 1992. The decrease resulted from the repayment of long-term debt of $879, purchases of property, plant and equipment of $106, the acquisition of SI Systems, Inc., net of cash acquired for $996, and the addition of intangibles for $56. Partially offsetting the decrease in cash and cash equivalents was $51 in cash provided by operating activities. Funds used in operating activities during the first quarter of fiscal 1992 were $1,041.

On March 31, 1992, the Company concluded the acquisition of all of the outstanding capital stock of BT Systems, Inc., a U.S. Corporation from its Swedish parent company, BT Systems AB. The purchase price was $2,000 with SI Handling delivering to BT Systems AB $1,000 in cash and a $1,000 note bearing interest at 6% per annum, payable one year from the closing date. To guarantee payment of the note, SI Handling delivered to BT Systems AB an Irrevocable Letter of Credit in the amount of $1,000 plus one year's interest at $60. The acquisition is accounted for as a purchase.

Although the cash balance was reduced, the Company anticipates that its financial resources, consisting of its existing cash balance together with expected cash flow and the available line of credit, which was renewed and increased to $4,000 through July 15, 1993, will satisfy its operating requirements in the foreseeable future.

The Company continues to consider expansion opportunities as they arise, although ongoing operating results of the Company, the economics of the expansion, and the circumstances justifying the expansion will be key factors in determining the amount of resources the Company will devote to further expansion.

Results of Operations - $(000's)

Three Months Ended May 31, 1992 vs. Three Months Ended June 2, 1991.

On March 31, 1992, the Company concluded the acquisition of all of the outstanding capital stock of BT Systems, Inc., a U.S. Corporation, from its Swedish parent company, BT Systems AB. BT Systems, Inc., renamed as SI Systems, Inc. and operating as a wholly owned subsidiary of SI Handling, is North America's largest supplier of Automated Guided Vehicle Systems (AGVS). First quarter results for the current fiscal year include the operations of SI Systems, Inc.

Consolidated sales of $7,476 for the first quarter of fiscal 1993 increased 69% compared to the first quarter of fiscal 1992. SI Handling's product sales increased 12% ($530) and SI Systems' product sales contributed 57% ($2,518) of the sales increase over the comparable prior year period. The sales increase in fiscal 1993 related to SI Handling's product sales is associated with a larger backlog of orders entering fiscal 1993 ($8,170 versus a $6,708 backlog beginning fiscal 1992). The Company has a consolidated backlog of $15,015 at the end of the current fiscal quarter.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

SI HANDLING SYSTEMS, INC. and Subsidiary
Results of Operations (Continued)

Gross profit as a percentage of sales was 27.8% for the first quarter of fiscal 1993 compared to 26.2% for the first quarter of fiscal 1992. The increase in the gross profit percentage is primarily attributable to improved gross profit margins in the Company's Cartrac product line which resulted from cost savings and economies of scale from the integration of Cartrac and the acquired Robotrac technology. Partially offsetting the increase are reduced gross profit margins in the Automated Guided Vehicle Systems (AGVS) product line resulting from competitive pressures in the industry.

Selling, general, and administrative expenses of $1,548 were higher by $437 in the first quarter of fiscal 1993 than in the first quarter of fiscal 1992. Although SI Handling's expenses were approximately the same when compared to fiscal 1992, SI Systems' expenses contributed to the increase over the comparable prior year period.

Product development costs were moderately higher in the first quarter of fiscal 1993 than in the comparable fiscal 1992 quarter. During fiscal 1993 and fiscal 1992, the Company concentrated its development efforts on continued enhancements of Order Selection and Cartrac product lines.

The unfavorable variance in interest income during fiscal 1993 is primarily attributable to fiscal 1992 containing interest income from the Internal Revenue Service (IRS) in connection with the final settlement of tax credits relating to the IRS examination of fiscal years 1980 through 1984.

The Company incurred income tax expenses of $113 during the first quarter of fiscal 1993, while the Company did not incur any income tax expense during the first quarter of fiscal 1992 due to the availability of prior year loss carryforwards.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is presently engaged in certain legal proceedings which, in the opinion of the Company counsel, present no significant risk of loss to the Company. See Note 9 of Notes to Consolidated Financial Statements on Form 10-K.

Item 4. Submission of Matters to a vote of Security Holders

The Company's Annual Meeting of Stockholders was held on July 8, 1992 with the following items being submitted to a vote by stockholders:

1. The election of five directors; and
2. Consideration and action upon a proposal to adopt an Incentive Stock Option Plan for key employees.

Details of each proposal noted above were provided to stockholders in the form of a Notice of Annual Meeting and Proxy Statement dated and mailed June 5, 1992, with such solicitation being in accordance with Regulation 14 of Securities and Exchange Act of 1934.

There was no solicitation in opposition to the management's nominees as listed in the Proxy Statement and all management's nominees were elected.

Management's proposal to adopt an Incentive Stock Option Plan for key employees as defined in the proxy solicitation was approved by stockholders with 1,365,042 shares being voted in favor of the proposal, 27,255 shares opposed, and 38,136 shares abstaining.

PART II - OTHER INFORMATION (Continued)
SI HANDLING SYSTEMS, INC. and Subsidiary

Item 5. Other Information

The Board of Directors of the Company declared at its meeting of May 6, 1992, a 10-cent cash dividend which was paid on June 1, 1992 to stockholders of record on May 18, 1992. Directors will continue to review the dividend policy annually at the Company's year-end.

On June 16, 1992 the Company's common stock began trading in the NASDAQ National Market. This entry will provide increased market visibility for the Company's common stock as well as the advantage of multiple market makers competing to offer the best bid and asked prices.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits to be filed in accordance with the provision of Item 7 of Regulation S-K.

Paragraph (4):	Instruments defining the rights of security holders. These documents are herein incorporated by reference to Exhibits A, B, and C of Form 10 filed with the Securities and Exchange Commission on December 31, 1968.
Paragraph (11):	Statement re computation of per share earnings (see Exhibit A).

b. Reports on Form 8-K.

A Form 8-K was filed on March 24, 1992 and a Form 8-K was also filed on May 26, 1992.

c. Exhibits.

Exhibit A - Statement re Computation of Per Share Earnings

On October 9, 1991, the Board of Directors declared a 10% stock dividend payable on November 4, 1991 to shareholders of record on October 21, 1991. Earnings per share for all periods presented reflect the 10% stock dividend and are based on the weighted average number of shares outstanding and equivalent shares from dilutive stock options and warrants, which were 1,658,000 and 1,621,000, respectively, at May 31, 1992 and June 2, 1991.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SI HANDLING SYSTEMS, INC.

K. D. Buck

Kenneth D. Buck
Vice President - Human Resources

Dated: 7-14-92

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SECURITIES AND EXCHANGE COMMISSION

Washington D. C., 20549

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FORM 10-Q

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(30)

For Quart. May 31, 1992 Commission file number 0-4465

[illegible] rnational Corporation
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

13-2511270
(I.R.S. Employer Identification No.)

700 South Fulton Avenue, Mount Vernon, NY 10550
(Address of principal executive offices) Zip Code

Registrant's telephone number, including area code 914-664-4400

No Change
Former name, former address and former fiscal year, if changed since last report.

Number of outstanding shares of registrant's Common Stock,
Par Value: .10¢ as of July 15, 1992 1,215,000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

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INDEX

SIRCO INTERNATIONAL CORPORATION AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

- Condensed consolidated balance sheets-May 31, 1992 and November 30, 1991.
- Condensed consolidated statements of operations-Three and six months ended May 31, 1992 and May 31, 1991.
- Condensed consolidated statements of cash flows-Six months ended May 31, 1992 and May 31, 1991.
- Notes to condensed consolidated financial statements-May 31, 1992.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II. OTHER INFORMATION

Item 3. Defaults upon Senior Securities
Item 6. Exhibits and Reports on Form 8-K

SIGNATURES

SIRCO INTERNATIONAL CORP and SUBSIDIARIES
CONDENSED CONSOLIDATED
BALANCE SHEETS

ASSETS	May 31,1992 (Unaudited)	Nov. 30,1991 (See Notes)
Current Assets:		
Cash	$ 634,562	$1,071,493
Accounts receivable	6,439,055	7,416,993
Inventories	6,366,863	6,460,832
Prepaid expenses	538,032	315,268
Property held for sale	1,147,984	1,179,765
Other current assets	596,316	520,242
Total current assets	15,722,812	16,964,593
Property and equipment at cost	2,343,574	2,347,287
less accumulated depreciation	1,144,991	1,067,043
Net property and equipment	1,198,583	1,280,244
Other assets	22,465	21,382
	$ 16,943,860	$ 18,266,219

LIABILITIES & STOCKHOLDERS' EQUITY

Current Liabilities:		
Loans payable-Bank	$ 5,917,153	$ 6,772,399
Current maturities of long-term debt	1,175,516	1,233,478
Accounts payable	1,021,402	1,857,849
Accrued expenses	1,473,633	1,521,098
Income taxes	5,936	5,936
Other loans	500,000	-
Total current liabilities	10,093,640	11,390,760
Long-term debt	424,831	453,840
Stockholders' Equity:		
Capital stock-$.10 par value		
Authorized- 3,000,000 shares		
Issued & outstanding-1,215,200 shares	121,520	121,520
Capital in excess of par value	4,027,534	4,027,534
Retained earnings	2,784,767	2,690,686
Accumulated translation adjustment	(508,432)	(418,121)
Total stockholders' equity	6,425,389	6,421,619
	$ 16,943,860	$ 18,266,219

Note: The balance sheet at November 30, 1991 has been derived from the audited financial statements at that date.
See notes to condensed consolidated financial statements.

SIRCO INTERNATIONAL CORP. and SUBSIDIARIES
CONSOLIDATED
CONDENSED STATEMENTS OF OPERATIONS

	For the Six Months Ended		For the Three Months Ended	
	May 31, 1992	May 31, 1991	May 31, 1992	May 31, 1991
Net sales	$14,317,814	$14,830,940	$ 7,588,328	$ 8,400,203
Cost of goods sold	9,987,707	11,097,438	5,399,785	6,465,836
Gross profit	4,330,107	3,733,502	2,188,543	1,934,367
Selling, warehouse, general and administrative expenses	4,249,717	5,040,485	2,147,586	2,544,970
	80,390	(1,306,983)	40,957	(610,603)
Interest expense	295,486	458,727	148,715	224,328
Interest income	(5,512)	(9,564)	(1,336)	(3,508)
Foreign exchange (gains) losses	(57,562)	102,229	(57,436)	41,227
Miscellaneous income, net	(186,935)	(40,006)	(110,986)	(16,534)
Income (loss) before provision for income taxes and extraordinary item	34,913	(1,818,369)	62,000	(856,116)
Provision (credit) for income taxes	(14,343)	-	(12,013)	-
Income (loss) before extraordinary item	49,256	(1,818,369)	74,013	(856,116)
Extraordinary item-tax benefit from utilization of operating loss carry forward	44,825	72,545	16,730	32,769
Net income (loss)	$ 94,081	$(1,745,824)	$ 90,743	$ (823,347)
Income (loss) per share of common stock-primary and fully diluted:				
Income (loss) before extraordinary item	$ .04	$ (1.50)	$ .06	$ (.70)
Extraordinary item	.04	.06	.01	.03
Net income (loss)	$ .08	$ (1.44)	$ .07	$ (.67)
Weighted average number of shares of common stock outstanding-primary and fully diluted	1,215,200	1,215,200	1,215,200	1,215,200

See notes to condensed consolidated financial statements.

SIRCO INTERNATIONAL CORP. and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended	
	May 31, 1992	May 31, 1991
Cash flows from operating activities		
Net income (loss)	$ 94,081	$(1,745,824)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	113,201	119,698
Provision for losses on accounts receivable	(29,277)	101,136
Foreign currency translation (gain) loss	(57,562)	102,229
Changes in operating assets and liabilities		
(Increase)decrease in accounts receivable	1,007,934	694,080
(Increase)decrease in inventories	95,086	1,222,505)
(Increase)decrease in prepaid expenses & other	(223,667)	(45,179)
(Increase)decrease in other assets	(46,865)	(65,438)
Increase(decrease)in accounts payable	(840,616)	871,839
Increase(decrease)in accrued & other expenses	(45,843)	21,712
Increase(decrease)in income taxes	-	(6,792)
Net cash provided by operating activities	72,070	1,269,966
Cash flows from investing activities		
Purchases of property, plant and equipment	(69,813)	(96,532)
Proceeds from disposal of property, plant and equipment	2,910	-
Net cash used in investing activities	(66,903)	(96,532)
Cash flows from financing activities		
Issuance (repayment) of loans payable	(395,441)	(1,020,430)
(Repayment) of long-term debt	(10,789)	(136,855)
Net cash used in financing activities	(406,230)	(1,157,285)
Effect of exchange rate changes on cash	(35,868)	(179,285)
DECREASE IN CASH AND CASH EQUIVALENTS	(436,931)	(163,136)
Cash and cash equivalents at beginning of period	1,071,493	508,627
Cash and cash equivalents at end of period	$ 634,562	$ 345,491
Supplemental disclosures of cash flow information:		
Cash paid during the period for		
Interest	$ 295,486	$ 458,727
Income taxes	$ 4,260	$ 6,111

See notes to condensed consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1-BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended May 31, 1992 are not necessarily indicative of the results that may be expected for the fiscal year ended November 30, 1992. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended November 30, 1991.

Note 2-Extraordinary Item

The extraordinary item is the result of a tax benefit from the utilization of operating loss carry forwards.

Note 3-LOANS PAYABLE TO BANKS

On January 12, 1989, the Company established a bank credit agreement providing for a line of credit of up to $8,500,000 in the United States. Under the agreement, the bank provides a revolving loan for purposes of purchasing inventory, with interest payable monthly at prime plus 1-3/8%, to be collateralized by eligible accounts receivable and inventory. The line is also collateralized by a $500,000 certificate of deposit which is maintained at the bank by Yashiro Co., Inc. At May 31, 1992 $4,295,929 was outstanding under the agreement.

The bank assists the Company in establishing letters of credit, to cover purchase of inventory, equipment, or otherwise by guaranteeing payment or performance of such letters of credit. The outstanding amount of letters of credit shall constitute a subline within the line of credit and shall not exceed the sum of $4,000,000 in the aggregate at any one time. The Company has outstanding letters of credit totalling approximately $537,000 at May 31, 1992.

Under the terms of the financing agreement with the bank, the Company must maintain minimum net worth, as defined, of $8,045,000 and an interest coverage ratio, as defined, of 1.73 to 1.0. At May 31, 1992 the Company was in breach of these covenants and is therefore in default. The financing agreement includes a mortgage payable of $1,085,000; the entire mortgage payable has been classified as a current liability. However, the Company has a commitment from a factoring institution whereby such institution will finance the Company's accounts receivable.

On July 20, 1990, the Company entered into a bank credit agreement with another bank providing for a revolving line of credit up to $1,500,000. The agreement provides for the issuance of letters of credit in favor of the Company's foreign suppliers for the purchase of inventory, with interest payable monthly at prime plus 1%. The facility is secured by the personal guaranty of the Company's chairman. The Company may increase the line to $3,000,000 if the Company's chairman deposits $500,000 in the form of a certificate of deposit in the bank. Such deposit was made on May 12, 1992. At May 31, 1992 $1,219,599 was outstanding under the agreement. Also, the Company has outstanding letters of credit under this agreement totalling approximately $206,000 at May 31, 1992.

Other loans represent short term borrowings from Yashiro Co., Inc.

The Company's Canadian subsidiary has a line of credit agreement with a bank for approximately $500,000. Under this agreement, the bank provides a revolving loan to the Canadian subsidiary for purposes of purchasing inventory, with interest payable monthly at the Canadian prime rate plus 1%, to be collateralized by eligible accounts receivable, inventory and a building. At May 31, 1992, $401,625 was outstanding under the agreement, as well as $217,000 in outstanding letters of credit.

Note 4. Agreement for the sale of real property

On February 20, 1992, the Company entered into an agreement for the sale of real property with a net book value amount of approximately $1,147,984 at May 31, 1992, for a selling price of $1,300,000. If the Company at the buyer's option transfers the rights to an easement agreement to the buyer, the selling price will be increased to $1,560,000. This sale is contingent upon certain events. If the buyer is unable to obtain other financing, Yashiro has agreed to finance the sale of the building. Accordingly, the real property has been reclassified to property held for sale at May 31, 1992. The proceeds from the sale will be used to retire the related mortgage which has a balance of $1,085,000 at May 31, 1992. The sale is schedualed to close on August 5, 1992.

SIRCO INTERNATIONAL CORP. and SUBSIDIARIES
MANAGEMENT'S DISCUSSION and ANALYSIS of FINANCIAL CONDITION and RESULTS of OPERATIONS

Three and Six Months Ended 5/31/92 vs. 5/31/91

Results of Operations

Net sales for the second quarter and first half of 1992 were lower than for the comparable periods in 1991 by $812,000 and $523,000 respectively. While sales volume declined, gross margins substantially improved across all product categories. As a result, the gross profit increased $255,000 and $596,000 respectively during these periods.

Selling, warehouse, general and administrative expenses decreased during the second quarter and first half of 1992 by $397,000 and $791,000 respectively. There were several major reasons for this. First, payroll costs, travel expenses and commission expense were reduced as a result of employee cut backs. Second, bad debt expense was lower because of less retail bankruptcy filings.

As a direct result of the across the board improvement in margins and the overall reduction in expenses, the Company realized pre-tax income of $35,000 for the first six months of 1992 as compared to a pre-tax loss of $1,818,000 in 1991. The following is a comparison of the make up of this income (loss):

	000 Omitted	
	1992	1991
USA	132	(1431)
Canada	(118)	(145)
England	(19)	(180)
Hong Kong	40	(54)
	35	(1818)

Financial Condition and Liquidity

Working capital as of May 31, 1992 was $5,629,172 compared to $5,573,833 as of November 30,1991. The working capital ratio increased to 1.56 to 1 from 1.5 to 1 during this same period.

Net cash provided by operating activities amounted to $72,000 for the period ended May 31, 1992.

The Company and its Canadian Subsidiary have entered into financing agreements which provided for bank credit lines. Under the terms of one of the financing agreements, involving the Company, the Company must maintain minimum net worth, as defined, of $8,045,000 and an interest rate coverage ratio, as defined, of 1.73 to 1.0. At May 31, 1992, the Company was in breach of these covenants and is therefore in default. The financing agreement includes a mortgage payable of $1,085,000 and, accordingly, the entire mortgage payable has been classified as a current liability. However, the Company has a commitment from a factoring institution whereby such institution will finance Company's accounts receivable. The bank credit lines are more fully described in Note 3 in the notes to condensed consolidated financial statements. Management believes that these bank credit lines, the commitment for a factoring agreement, along with internally generated funds, will be adequate to finance operations at anticipated levels.

SFAS No. 109 Statement of Financial Accounting Standards No. 109 (SFAS No. 109), "Accounting for Income Taxes," is required for the Company's fiscal year beginning after December 15, 1992. SFAS No. 109 requires the Company to adopt an asset and liability approach for financial accounting and reporting for deferred income taxes. The Company has not decided on a year of adoption or the method of adoption (restatement or cumulative effect adjustment). Accordingly, the impact of SFAS No. 109 on the Company has not been determined.

Management believes that inflation has not had a material impact on the Company's net sales or income.

SIRCO INTERNATIONAL CORP.

Part II-Other Information

Item 3. Defaults upon senior securities.
See note 3-Loan payable to bank

Item 6. Exhibits and Reports on Form 8-K

Exhibits-None

The Company did not file any reports on Form 8-K during the three months ended May 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Sirco International Corp.
Registrant

DATE

Steven Wall
President

DATE

Takeshi Yamaguchi
Vice-President

ORIGINAL SIGNATU

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

[redacted]
JUL 14 1992
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For the quarter ended May 31, 1992

Commission file number 0-14973

UNICO, INC.

(Exact name of Registrant as specified in its charter)

New Mexico	85-0270072
(State of Incorporation)	(IRS Employer ID #)

Registrant's telephone number, including area code 505-326-2668

Securities registered pursuant to Section 12(g) of the Act:

$.01 par value common stock
(Title of class)

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JUL 17 1992

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____.

On June 30, 1992, there were 19,481,126 shares of registrant's $0.01 par value common stock outstanding.

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TO REPORT ON FORM 10-Q
FOR UNICO, INC.

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PART I: FINANCIAL INFORMATION

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UNICO, INC.
Consolidated Balance Sheets

	May 31, 1992 (Unaudited)	February 29, 1992
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 916,574	$ 260,168
Certificate of deposit	250,000	250,000
Accounts receivable	1,462,063	715,088
Inventories	770,864	677,503
Prepaid expenses	8,032	22,295
TOTAL CURRENT ASSETS	3,407,533	1,925,054
PROPERTY AND EQUIPMENT		
Land, buildings and improvements	424,762	424,762
Equipment	217,092	216,444
Crude oil refining equipment	1,196,286	1,174,063
Co-generation facilities	144,348	144,348
Oil and gas properties	922,710	922,710
	2,905,198	2,882,327
Less accumulated depreciation	(1,220,699)	(1,180,309)
	1,684,499	1,702,018
OTHER ASSETS		
Notes receivable	49,269	54,585
Investment in partnership	250,000	250,000
Deferred charges, net	5,898	6,261
	305,167	310,846
	$ 5,397,199	$ 3,937,918

Consolidated Balance Sheets - Continued

	May 31, 1992 (Unaudited)	February 29, 1992
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 1,959,785	$ 703,855
Credit line payable	-	-
Taxes other than income taxes	94,766	64,454
Other accrued expenses	3,424	3,424
Income taxes payable	52,085	9,985
Current portion of deferred taxes payable	10,200	5,000
Current portion of long-term debt	220,502	244,955
TOTAL CURRENT LIABILITIES	2,340,762	1,031,673
LONG-TERM DEBT, net of current portion	-	-
CONVERTIBLE SUBORDINATED DEBENTURES PAYABLE TO RELATED PARTIES	178,000	178,000
DEFERRED TAXES PAYABLE, net of current portion	120,900	105,700
STOCKHOLDERS' EQUITY		
Preferred stock, $0.01 par value, authorized 8,000,000 shares, none outstanding		
Common stock, $0.01 par value, authorized 50,000,000 shares, issued and outstanding 19,233,507 shares	194,811	194,811
Additional paid in capital	2,032,583	2,032,583
Retained earnings	530,143	395,151
	2,757,537	2,622,545
	$ 5,397,199	$ 3,937,918

See notes to consolidated financial statements.

UNICO, INC.
Consolidated Statements of Income

	For the three months ended	
	May 31, 1992 (Unaudited)	May 31, 1991 (Unaudited)
REVENUES		
Refined product sales	$ 3,551,922	$ 2,948,007
Electrical capacity and energy	297,398	339,211
Processing and terminaling agreements	26,400	24,900
Natural gas sales	68,546	83,486
Other	2,169	24,884
	3,946,435	3,420,488
COSTS AND EXPENSES		
Cost of sales	3,670,687	3,152,213
General and administrative	23,768	129,675
Depreciation, depletion and amortization	40,753	44,902
Interest, net	1,135	199
	3,736,343	3,326,989
INCOME FROM OPERATIONS BEFORE INCOME TAXES	210,092	93,499
Provision for income taxes:		
Current	54,700	23,800
Deferred	20,400	17,100
	75,100	40,900
NET INCOME	$ 134,992	$ 52,599
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	19,481,126	19,233,507
EARNINGS PER COMMON SHARE	$ 0.0069	$ 0.0027

See notes to consolidated financial statements.

UNICO, INC.
Consolidated Statements of Cash Flows

	For the three months ended May 31, 1992 (Unaudited)	May 31, 1991 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 134,992	$ 52,599
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation, depletion and amortization	40,753	44,902
Deferred income taxes	20,400	17,100
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(746,975)	348,695
(Increase) decrease in inventories and prepaid expenses	(79,098)	319,169
Increase (decrease) in accounts payable and accrued expenses	1,286,242	(539,059)
Increase (decrease) in income taxes accrued	42,100	11,800
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	698,414	255,206
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(22,871)	(11,650)
Collections on notes receivable	5,316	60,245
NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES	(17,555)	48,595
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(24,453)	(21,412)
Payments on credit line	-	(125,000)
NET CASH FLOW FROM FINANCING ACTIVITIES	(24,453)	(146,412)
INCREASE IN CASH AND CASH EQUIVALENTS	$ 656,406	$ 157,389
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	260,168	97,791
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 916,574	$ 255,180

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The consolidated balance sheet as of May 31, 1992, the consolidated statement of income for the three month periods ended May 31, 1992 and 1991, and the consolidated statement of cash flows for the three month periods ended May 31, 1992 and 1991, have been prepared by the Company, without audit. In the opinion of management, all adjustments, (which include only normal recurring adjustments), necessary to present fairly the financial position, results of operations and changes in cash at May 31, 1992, and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principals have been condensed or omitted. It is suggested that these consolidated financial statements be read in conjunction with the Company's Form 10-K, filed with the Securities and Exchange Commission. The results of operations for the period ended May 31, 1992, are not necessarily indicative of operating results for the full year.

Item 2. Managements Discussion and Analysis of Financial Condition and Results of Operations.

Business

The Registrant was incorporated under the laws of the State of New Mexico in April, 1979. Registrant resources are segmented into three categories of business; petroleum product refining and processing, electrical energy production, and natural gas production. Currently, refining and processing and electrical energy production are performed by the Registrant's wholly-owned subsidiary, Intermountain Refining, Co., Inc. ("IRC"), while natural gas production is carried-out by the Registrant under the name Unico Resources. Additional refining and processing activities are proposed in the form of a methanol production facility being developed in the Denver area. Development and operation of the facility is carried out by the Registrant's wholly-owned subsidiary, Intermountain Chemical, Inc. ("IC").

Refining

The Registrant refines heavy, Nevada crude oil into diesel fuel, fuel oils and asphalt which are marketed in the intermountain region.

On December 1, 1990, the Registrant entered into an oral agreement with a crude supplier to purchase up to 1200 barrels per day of heavy crude oil. Effective May 31, 1992 the supplier terminated the supply agreement. The Registrant has subsequently secured an alternative crude oil supply amounting to approximately 800 barrels per day and is currently negotiating to obtain additional raw material supplies. It is anticipated that raw material supplies will be returned to historical levels within the current year.

In September 1989, IRC entered into an agreement with another asphalt refiner to provide asphalt terminaling services. Under the agreement, IRC receives a fixed monthly fee and reimbursement of specific operating expenses incurred in conjunction with providing the services.

Co-Generation

The co-generation plant produces 3000 kilowatts of electrical energy that is sold to an electric company in the local area. Additionally, the plant produces all electricity and a portion of the steam used in the refining process thereby contributing a savings in refinery operating costs.

Natural Gas Production

In July, 1988, the Registrant acquired an interest in natural gas production located in the Hugoton basin in Southwestern Kansas. The Registrant currently operates 20 natural gas wells in the area. Natural gas and helium produced is sold, under exclusive contract, to K.N. Energy, of Lakewood, Colorado.

Methanol Production Facility

In July, 1988, the Registrant initiated a project to construct a 250 ton per day methanol production facility in the Denver, Colorado area. The facility, converts natural gas into chemical grade methanol which is marketed to refiners and chemical distributors. The Registrant, through its subsidiary IC, is the managing general partner of Sand Creek Chemical Limited Partnership ("SCCLP"). SCCLP is the owner of the facility and performs all production and marketing operations. Construction of the facility is complete and start up testing is underway. It is anticipated that the plant will be fully operational during the second quarter of fiscal 1993.

Results of Operations

Quarter ended May 31, 1992 compared to quarter ended May 31, 1991

Revenues increased to $3,946,000 during the first quarter of fiscal 1993, up 15% from $3,420,000 during the same period in fiscal 1992. Net income increased to $135,000, up 157% from $53,000 in fiscal 1992. Cash flow from operations increased to $698,000, up 174% from $255,000 from the corresponding prior year period.

The increase in 1993 sales is attributed to an increase in refined product sales related to a 15% increase in sales volume and a 5% increase in product sales price offset by a decrease in electrical energy sales due to a generator failure during March 1992 and a decrease in natural gas sales due to decreased demand and lower natural gas sales prices.

The increase in net income is generally attributed to the increase in sales volume experienced during the current year and a decrease in general and administrative costs associated with administration of the construction of the methanol facility. Since taking over construction management of the facility in December 1991, the Registrant has recovered all of its direct costs and a portion of the overhead costs incurred in conjunction with the activity.

Gross profit related to industry segments was $149,000 for refining, a 54% increase over the prior year period, $53,000 for co-generation, a 10% decrease from the prior year period, and $45,000 for natural gas production, a 28% decrease from the prior year period. Due to changes in crude oil supply arrangements, it is projected that refinery profit margins will decline during the second quarter of fiscal 1993. It is projected that profit margins for co-generation and natural gas production will improve during the second quarter with full generation capacity and increased demand for natural gas used in agricultural irrigation.

Liquidity and Capital Resources

The Registrant had working capital of $1,067,000 at May 31, 1992 compared to $893,000 at the beginning of the year. The increase in working capital is attributed to a $196,000 increase provided by operations offset by property and equipment acquisitions of $22,000. The Registrant believes that the current level of working capital plus expected working capital generated by operations should be adequate to cover expected operating needs.

Total debt, consisting of notes payable, credit line payable, current portion of long-term debt, long-term debt, and subordinated debentures, decreased $24,000 during the first three months of the current year. Debt in these categories was 15% of equity at May 31, 1992 compared to 16% at the beginning of the current year.

Inflation, Deflation and Changing Prices

The results of operations and capital expenditures will continue to be affected by inflation, deflation and changing prices. Prices of natural gas and generator fuel could have a materially adverse effect on the Registrant's operations. Management is unable to determine the full impact of these factors on the results of operations or working capital.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

(a) In reference to legal proceedings described in the Registrant's February 29, 1992 Form 10-K, (Part I, Item 3), there have been no material changes in the actions that have occurred during the period covered by this report.

Item 6. Exhibits and Reports on Form 8-K

(a) No reports on Form 8-K were filed by the Registrant during the quarter ended May 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in capacities and on the dates indicated:

UNICO, INC.

By: ______________________________
Rick L. Hurt, Controller, Secretary,
and Treasurer.

Date: July 8, 1992

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to ____________________

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Commission File Number 0-9370

USMX, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

84-1076625
(I.R.S. Employer Identification No.)

141 Union Boulevard, Suite 100
Lakewood, Colorado
(Address of principal executive offices)

80228
(Zip Code)

(303) 985-4665
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding at May 14, 1992
$.001 par value	14,954,317 shares

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	March 31,	Dec. 31,
	1992	1991
	(Unaudited)	
ASSETS		
Cash and equivalents	$2,285	$5,523
Other current assets	10,353	8,594
Property, plant & equipment - net	12,638	11,690
Other assets	402	388
	$25,678	$26,195
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	$2,365	$2,710
Long-term liabilities	1,623	1,680
Common stock subject to potential put	1,750	1,750
Stockholders' equity		
Common stock	15	15
Additional paid-in capital	15,760	15,729
Retained earnings	4,165	4,311
	$25,678	$26,195

The accompanying notes are part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Amounts in Thousands, Except Per Share Amounts)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Sales	$2,716	$3,566
Cost of sales	2,323	2,640
Gross profit	393	926
Operating expenses	899	775
Income (loss) from operations	(506)	151
Other income	304	253
Income (loss) before income taxes	(202)	404
Income tax provision (benefit)	(56)	101
Income (loss) before extraordinary item	(146)	303
Extraordinary item	0	35
Net income (loss)	($146)	$338
Net income (loss) per share:	($0.01)	$0.024
Weighted average shares outstanding	14,954	13,906

The accompanying notes are part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Amounts in Thousands)

	Three Months Ended March 31,	
	1992	1991
Net cash used in operations	($1,269)	($339)
Net cash provided by (used in) investing activities:		
Capital additions and property acquisitions	(1,985)	(522)
Other	16	(17)
	(1,969)	(539)
Net cash provided by (used in) financing activities	0	0
Net increase (decrease) in cash and equivalents	($3,238)	($878)

Supplemental Disclosure of Cash Flows Information

	Three Months Ended March 31,	
	1992	1991
Cash paid during the period for:		
Interest	$0	$0
Income taxes	$340	$404

The accompanying notes are part of the condensed consolidated financial statements.

USMX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General

The accompanying interim condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the results for the interim periods presented have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results which may be expected for the year ending December 31, 1992. These condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 1991.

Note 2 - Inventories

Inventories consisted of the following:

	March 31,	Dec. 31,
	1992	1991
Gold bullion and dore'.........	$ 466,700	$ 1,739,000
Gold in process.....................	7,038,900	5,248,000
Ore on stockpile..................	2,039,700	549,000
Materials and supplies.........	312,700	607,000
Total inventories..................	$9,858,000	$8,143,000

The Company adjusts the cost of ounces sold during interim periods to eliminate the effects of differences between the planned annual mix of production from the Company's mines and that which occurs during the interim period. These adjustments are reflected as increases or decreases to the cost of gold and ore inventories.

Note 3 - Income Taxes

The income tax provisions were computed using the expected annual effective income tax rate. The effective income tax rate varies from the statutory rate due to differences in tax and book treatment of statutory depletion on mining properties. The 1991 extraordinary item benefit is the result of the utilization of book net operating losses carried forward. The income tax provisions consist entirely of the corporate Alternative Minimum Tax.

Note 4 - Commitments and Contingencies

As of March 31, 1992, the Company had entered into forward sales contracts for 22,750 ounces of gold at an average selling price of approximately $372 per ounce.

The gold is to be delivered on various dates through March 31, 1993. All gold sales have been made to five unaffiliated customers.

Also, the Company had sold call options to two unaffiliated customers covering 11,850 ounces of gold at strike prices ranging from $384 per ounce to $410 per ounce for a weighted average strike price of approximately $394 per ounce. These options expire on dates ranging from April 28, 1992 through December 29, 1992.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Financial Condition

Liquidity

The company remains in strong financial condition with working capital at March 31, 1992 of $10,273,000. Cash and cash equivalents decreased during the first quarter of 1992 by $3,238,000 reflecting internally financed net additions to property, plant and equipment of $1,969,000 and net cash used in operating activities of $1,269,000. Net use of cash in operating activities is the result of i) the build up of stockpile and work in process inventories at Yankee as the mine progresses from the start up phase to the production phase and ii) the slow down in gold production for the first quarter of 1992 as the Alligator Ridge processing plant experienced down time for renovation. Also as a result of the above, inventories increased by $2,150,000 during the first quarter of 1992. Positive cash flows from operating activities are anticipated for the remainder of the year as the Yankee mine begins producing gold and backlogged production begins to flow from the renovated Alligator Ridge processing plant.

Management believes that cash of $2,285,000, and cash provided from operations should be adequate to maintain its current level of liquidity and to internally fund capital requirements for the foreseeable future. In addition, the Company is currently negotiating a $3 million line of credit to further enhance its abilities to exploit exploration and development opportunities.

Capital Investment

During the first quarter of 1992 the Company invested $423,000 in exploration activities of which approximately $210,000 was invested in various Alligator Ridge targets. In addition the Company invested $602,000 to further develop reserves in the Alligator Ridge area, including $344,000 at the Yankee Mine. The Yankee Mine is expected to begin producing gold in June with total 1992 production estimated at approximately 15,400 ounces. Total production for the life of the Yankee Mine is currently anticipated at 70,500 ounces, based on present reserve estimates, with a direct cash cost per ounce of approximately $210.

Over the next 12 months the Company plans to invest approximately $2 million in exploration activities, Including approximately $750,000 in the Alligator Ridge area, and an approximate $1 million to further evaluate and develop reserves in the Alligator Ridge area.

Results of Operations

Fluctuations in the Company's results of operations arise primarily from three factors: (1) changes in the volume of gold sold and the selling price of gold, (2) changes in the cost of gold sold as properties with higher or lower production costs are added to the production mix and as those relatively short lived properties cycle from the early, high cost phase of production to the late, lower cost phase and, (3) the cost of mineral properties abandoned during any given period.

Three Months Ended March 31

The Company sustained a net loss for the first quarter of 1992 of $146,000 compared with net income of $338,000 for the first quarter of 1991.

Change in the Volume and Selling Price of Gold

The following table analyzes the variance in gold sales revenue for the quarters ended March 31, 1992 and 1991:

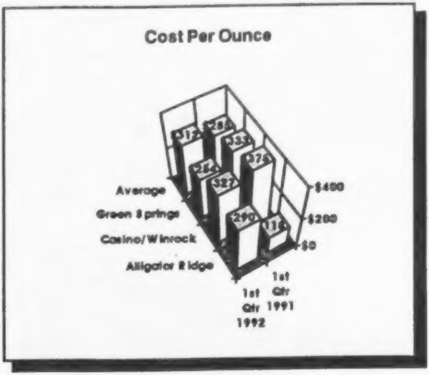
Revenue Variance Analysis Quarter Ended March 31	1992	1991
Ounces of gold sold	7,447	9,273
Average price realized per ounce	$365	$385
Variances		
Higher (lower)volume	($702,000)	$901,500
Lower prices	(148,000)	(287,500)
Increase (decrease) in gold sales revenue over the comparable period of the preceding year	($850,000)	$614,000

The 1992 decrease in the average price realized per ounce is attributable to the decline in the market value of gold. The decrease in ounces sold is the result of declining production from the Green Springs Mine and delayed production resulting from renovation related down time at the Alligator Ridge processing facilities. Final processing of the gold from both the Vantage Heaps and the Casino/Winrock Mine is done at the Alligator Ridge processing plant.

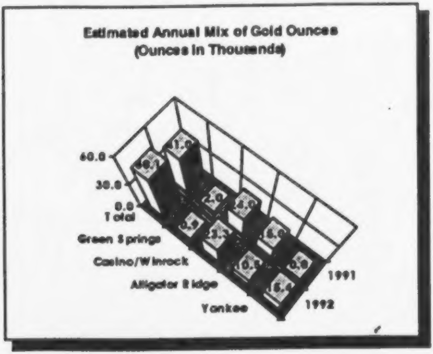
Change in the Cost of Sales

Cost of sales was $2,323,000 or approximately $312 per ounce for the first quarter of 1992, compared to $2,640,000 or $285 per ounce for the same period of 1991. The combined effect of a 5.2% reduction in selling price realized and a 9.5% increase in the cost of ounces sold resulted in gross profit from mining operations for the first quarter of 1992 of $393,000 or approximately 14.5% of sales compared with $926,000 or 26.0% of sales for the same period of 1991. The fluctuation in cost of ounces sold is a result of the change from year to year in the mix of production from the Company's mines and the change in the cost of production throughout the life of each mine as illustrated in the following graphs.

The following graph compares the cost per ounce by mine, of gold sold during the first quarters of 1992 and 1991. The average is based on the anticipated mix of ounces to be sold during the year.


Cost Per Ounce

The following graph illustrates the anticipated mix of gold ounces for the years 1992 and 1991. As there was no production from Yankee in the first quarter 1992 those ounces were excluded from the above average calculation.


Estimated Annual Mix of Gold Ounces
(Ounces in Thousands)

The Company adjusts the cost of ounces sold during interim periods to eliminate the effects of differences between the planned annual mix of production from the Company's mines and that which occurs during the interim period. These adjustments are reflected as increases or decreases to the cost of gold and ore inventories. Anticipated Yankee production was excluded from this adjustment for the first quarter of 1992.

PART II -- OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits - None.

(b) Reports on Form 8-K - None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant)
USMX, INC.

Date: May 14, 1992 By:
Donald E. Nilson, Vice President - Finance, Secretary, Treasurer

Date: 5/14/92 By:
Daniel J. Stewart, Controller, Chief Accounting Officer

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No Exhibits

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 1992

Commission File Number 33-22760-NY

VENTURA INCORPORATED

(exact name of registrant as specified in its charter)

DELAWARE	13-3441534
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
3030 Gillham Road Kansas City, MO	64108
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	(816) 561-0566

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _x_ No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding as of May 31, 1992
Common stock, par value $.001 per share	3,282,607 shares

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ITEM 1. FINANCIAL STATEMENTS

VENTURA INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEET

	May 31, 1992	AUGUST 31, 1991
	(UNAUDITED)	(A)
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 144,864	$ 245,070
Net Investment In Direct Finance Leases	41,051	213,005
Accounts Receivable - Net	171,199	156,490
Notes and Other Receivables	28,727	96,840
Total Current Assets	385,841	711,405
PROPERTY AND EQUIPMENT - NET	156,491	99,041
OTHER ASSETS:		
Goodwill	110,852	115,247
Other Assets	2,406	18,741
Total Other Assets	113,258	133,988
TOTAL	$ 655,590	$ 944,434
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
CURRENT LIABILITIES:		
Notes Payable - Banks	$ 45,000	$ 545,000
Notes Payable - Stockholders	2,391,224	2,021,950
Accounts Payable and Accrued Liabilities	633,259	682,169
Current Portion - Long Term Debt	3,305	15,837
Subordinated Notes Payable	-0-	130,691
Total Current Liabilities	3,072,788	3,395,647
LONG TERM DEBT	1,006,977	1,060,539
STOCKHOLDERS DEFICIENCY:		
Common stock - $ .001 par value: authorized 25,000,000 shares; issued, 3,882,607 at August 31, 1991 and 3,282,607 at May 31,1992	3,283	3,883
Additional Paid-in Capital	2,635,330	2,635,330
Deficit	(6,042,808)	(6,130,965)
Less cost of 600,000 shares of common stock held in treasury	(20,000)	(20,000)
Stockholders' Deficiency - Net	(3,424,195)	(3,511,752)
TOTAL	$ 655,590	$ 944,434

(A) The balance sheet at August 31, 1991 has been taken from the audited financial statements at that date and condensed.

VENTURA INCORPORATED
UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED PROFIT (LOSS)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	May 31,		May 31,	
	1991	1992	1991	1992
REVENUE	$ 73,117	$ 197,151	$ 188,730	$ 429,707
COSTS AND EXPENSES:				
Operating	-	101,725	-	250,123
Selling, General and Administrative	104,504	250,927	392,862	469,389
TOTAL	104,504	352,652	392,862	719,512
OPERATING INCOME (LOSS)	(31,387)	(155,501)	(204132)	(289,805)
OTHER INCOME (EXPENSE):				
Interest Expense	(95,726)	(5,635)	(296,042)	(11,847)
Interest Income	0	4,348	0	7,490
Other (Note 2)	(1,492)	116,866	0	382,319
TOTAL	(97,218)	115,579	(296,042)	377,962
NET PROFIT (LOSS)	$ (128,605)	$ (39,922)	$(500,174)	$ 88,157
NET PROFIT (LOSS) PER SHARE (Note 3)	($0.03)	($0.01)	($0.13)	$0.03

VENTURA INCORPORATED
UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS

	NINE MONTHS ENDED MAY 31,	
	1992	1991
OPERATING ACTIVITIES:		
Net Profit (Loss)	$ 88,157	$ (500,174)
Adjustments to Reconcile Net Profit (Loss) to Cash Used in Operating Activities:		
Depreciation and Amortization	22,208	-
Changes in Operating Assets and Liabilities:		
Net Investment in Direct Finance Leases	171,954	979,878
Accounts Receivable	(14,709)	(107,597)
Notes and Other Receivables	68,113	90,074
Other Assets	16,335	158
Accounts Payable and Accrued Expenses	(48,910)	144,653
Net Cash Provided By (Used In) Operating Activities	303,148	606,992
INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(85,114)	(14,329)
Proceeds From Sale of Property and Equipment	9,851	16,972
Net Assets Received-Acquisition of Business		(30,000)
Net Cash Provided By (Used In) Investing Activities	(75,263)	(27,357)
FINANCING ACTIVITIES:		
Net Borrowings on Note Payable	(500,000)	-
Net Decrease in Long-Term Debt	(66,074)	(586,687)
Net Increase on Notes Payable and Advances From Stockholders	237,983	(29,979)
Net Cash Provided By (Used In) Financing Activities	(328,091)	(616,660)
NET (DECREASE) INCREASE IN CASH	100,206	(37,025)
CASH AT BEGINNING OF PERIOD	245,070	242,945
CASH AT END OF PERIOD	144,864	205,920
Supplemental Schedule of Noncash Investing and Financing Activities and Other Cash Flow Information:		
Property and Equipment Acquired Through Issuance of Long-Term Debt	-	-
Interest Paid	6,212	41,129

See Accompanying Notes

VENTURA INCORPORATED

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated balance sheet as of May 31 , 1992, the condensed statement of consolidated profit (loss) for the nine months ended May 31, 1992 and 1991 and the condensed statement of consolidated cash flows for the nine months ended May 31, 1992 and 1991 have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at May 31, 1992 and 1991 have been made.

Certain information and footnote disclosures normally included in its consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended August 31, 1991. The results of operations for the nine months ended May 31, 1992 and 1991 are not necessarily indicative of the operating results for the full year.

2. NOTES PAYABLE AND SUBORDINATED NOTES PAYABLE

First Equipment Leasing Corporation ("FELCO") was defendant in Warren Five Cents Savings Bank v. First Equipment Co., et al., CIV No. 88-588 in which the Bank sued FELCO on March 9, 1988, in Essex Superior Court, Massachusetts, to recover $2,2023,902.77 from FELCO for monies lent to FELCO under various promissory notes. These notes were collateralized by the equipment purchased with the proceeds of the notes and related leases and guaranteed by certain shareholders of the Company. FELCO continued to make payments pursuant to the notes; and the outstanding balance at December 1, 1991, was approximately $562,000 plus interest. On December 11, 1991, FELCO and certain stockholders reached an agreement with Warren Five Cents Savings Bank to settle this matter for $305,000. Certain stockholders paid $280,000 on behalf of FELCO which has been included in notes payable-stockholders. This resulted in forgiveness of debt of approximately $257,000 plus interest.

Robert E. Wyner filed an action on August 8, 1990, against FELCO and Robert R. Beck as guarantor, claiming payment on a subordinated note of approximately $134,000. During December, 1991, Mr. Beck acting on behalf of FELCO, reached an agreement to settle this matter for approximately $80,000. The $80,000 has been included in notes payable-stockholders.

3. NET PROFIT (LOSS) PER SHARE

Net profit (loss) per share is based on the weighted average number of shares outstanding during each period. Shares reserved for outstanding warrants have been excluded from the net income (loss) per share calculations because their effect is antidilutive.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion compares the Registrant's results of operations for the fiscal quarter ended May 31, 1992 (the"1992 Quarter"), with its results of operations for the corresponding period in the prior fiscal year (the "1991 Quarter") and the Registrant's financial condition at May 31, 1992 with its financial condition at August 31, 1991.

In April, 1989 the Registrant acquired 100% of the issued and outstanding Common Stock of First Equipment Leasing Corporation ("FELCO"), which is now a wholly-owned subsidiary of the Company. This transaction has been accounted for as a reverse acquisition.

On May 15, 1991, the Company, through its newly formed 81% owned subsidiary, PHS Acquisition Corp. ("PHS"), acquired certain assets subject to certain liabilities of Portable Health Services, Inc. for total consideration of $30,000 in cash and 150,000 shares of Common Stock. Following the acquisition, PHS changed its name to Portable Health Services, Inc.

Results of Operations

Revenue increased $124,034, or approximately 169.6%, from $73,117 to $197,151 in the 1992 Quarter from the 1991 Quarter. This is due primarily to the addition of $141,143 of revenue from PHS during the 1992 Quarter. PHS revenue increased approximately $24,445 from the previous fiscal Quarter ended February 28, 1992,or 21%. This included approximately $5,855 of revenue from a new branch operation that opened in Tulsa, Oklahoma during April, 1992. Lease revenue continues to decline as the historic FELCO portfolio pays down. Lease revenues also decreased as a result of the exchange of leased assets for stockholder debt that occurred prior to the end of the year ending August 31, 1991. Decreases in lease revenue were offset by recoveries on terminated leases of approximately 43,933 during the 1992 Quarter.

FELCO did not enter into any new leases with unaffiliated customers during the 1992 Quarter. The Registrant does not expect to enter into any significant number of new transactions with unaffiliated customers for its own portfolio in the future. FELCO does provide limited lease financing to PHS and expects to continue to arrange for lease financing for operating equipment used by PHS to be placed with third party lessors.

Operating expenses, which relate primarily to the operations of PHS, increased $101,725 from the 1991 Quarter to the 1992 Quarter. PHS was acquired in May, 1991 and had limited impact on the 1992 results.

Selling, general and administrative expenses increased $146,423 in the 1992 Quarter over the 1991 Quarter due to the addition of PHS and the expansion of PHS' operating activities. The increase also included approximately $14,151 of expenses relating to the opening of the Tulsa, Oklahoma branch operation.

Interest expense decreased $90,091 in the 1992 Quarter compared to the 1991 Quarter. The decrease is due primarily to the reduction in the size of the FELCO lease portfolio, settlement during the second quarter with certain note holders and a bank, and the decrease in interest rates.

Interest income relates to interest bearing accounts maintained by the Registrant and certain Notes Receivable.

Other Income (Expense) relates primarily to the settlement of various receivables held for collection by FELCO during the 1992 Quarter. The amounts include additional forgiveness of debt of approximately $20,092 from various creditors and note holders.

The Registrant reported net loss of $39,922 in the 1992 Quarter compared to a net loss of $128,605 in the 1991 Quarter. The positive results are due primarily to the non-recurring forgiveness of debt and recoveries on terminated leases and leases held for collection. During the 1992 Quarter, PHS incurred a loss of approximately $42,452. The loss is the result of expenses associated with opening a branch in Tulsa, Oklahoma and operating expenses for Tulsa, Topeka and Kansas City.

Financial Condition

The Registrant's total assets have decreased by $299,844, or 31.8%, in the first nine months of operation during the current fiscal year. The reduction is due primarily to decreases in the net investment in finance leases and in notes and other receivables as the Company repositions itself as a health care services provider. Total cash decreased $100,206, or 40.9%, as a result of increased operating costs and additions to property and equipment associated with the expansion of PHS and the repayment of debt associated with FELCO. Net investment in finance leases decreased $171,954, or 80.7%, since the beginning of the fiscal year as the result of the continued paydown of the FELCO lease portfolio. Accounts receivable increased by $14,709 or 9.4%. This was due to increased volume in PHS and was partially offset as PHS began to receive payment for outstanding claims primarily from Medicare, Medicaid and third party payors. The amounts due are primarily from these same sources. PHS experienced considerable difficulty during the first quarter in receiving payment for claims submitted to the carrier who processes Medicare claims for the Kansas City region. The problems resulted from the Topeka based carrier having continued systems related difficulties which required PHS to re-input numerous claims. During the second and third quarter, PHS made significant progress in obtaining payments for claims submitted to the carrier. However, PHS continues to experience delays in receiving payments from the Medicare carrier.

Notes and other receivables decreased $68,113 from August 31, 1991. The decrease resulted primarily from settlements reached on leases held for collection by FELCO and adjustments to loss reserves to reflect the continuous review of FELCO receivables. Other assets decreased by approximately $20,730 from August 31, 1991 due primarily to the amortization of goodwill associated with the PHS acquisition and the reduction in certain deposits held by a law firm.

Notes payable to banks decreased by approximately $500,000 during the second quarter due to the settlement with Warren Bank. Notes payable to stockholders increased by $369,274 from August 31, 1991 due primarily to certain stockholders acting on behalf of FELCO in settling litigation with Warren Bank and a subordinated note holder (SEE NOTE 2). Accounts payable and accrued liabilities decreased by $48,910 due primarily to the forgiveness of accrued interest relating to the Warren Bank settlement and the repayment of outstanding payables. As a result of the settlement with Robert Wyner, there are no longer any outstanding subordinated notes that were originally issued by FELCO. Long term debt decreased by $53,542, or 5.1%, from August 31, 1991 due to the settlement with Warren Bank and the continued paydown of bank debt.

Liquidity and Capital Resources

In the nine months ended May 31, 1992, the Registrant generated $303,148 in cash from operating activities, down $303,844 from the nine months ended May 31, 1991. Net cash decreased $100,206 in the nine months ended May 31, 1992 compared to a decrease of $37,025 in net cash for the nine months ended May 31, 1991. The decreases were due primarily to the declines in the Registrant's lease receivable portfolio and the increased use of cash in the operating activities of PHS.

The Registrant continues to negotiate with creditors and stockholders who have advanced funds to the Company to convert approximately $3 million of outstanding indebtedness of FELCO into common stock of the Registrant , subject to certain conditions that are being negotiated, to recapitalize FELCO in order for the Company to achieve a positive net worth on a consolidated basis. Any such recapitalization can be expected to result in significant dilution to present shareholders. There can be no assurance that the Registrant will be successful in any of these efforts.

The Registrant has extended until September 30, 1992 the expiration date of its outstanding currently exercisable warrants to purchase approximately 2,850,000 shares of its Common Stock for an aggregate purchase price of approximately $3,000,000. If all or a significant portion of these warrants were exercised, the Registrant believes that its capital base and cash position would enable it to fund its operating activities with limited future borrowings. Absent an effective registration statement, the Registrant is unable to permit the exercise of such warrants. The Registrant has not filed a registration statement to register the currently exercisable warrants. There can be no assurances that the Registrant will be able to file a registration statement or that, if filed, such registration statement would become effective. Even if the Registrant were to have a registration statement in effect, there can be no assurances that any of such warrants will be exercised.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: None.

(b) Reports on Form 8-K:

The Registrant filed a Form 8-K dated March 3, 1992 indicating that Ernst & Young resigned as the Certifying Accountant for PHS and confirmed that it was not the Certifying Accountant for the Registrant. Subsequent to the end of the May 31, 1992 quarter, a Form 8-K dated July 6, 1992 was filed in which the Registrant named Donnelly, Meiners, Jordan, Kline as its Certifying Accountant for the fiscal year ending August 31, 1992.

No financial statements were filed with any of the above-referenced reports.

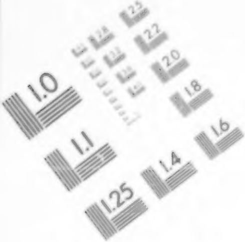
SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VENTURA INCORPORATED

By: ______________________
Paul I. Gaumnitz, President
and Principal Financial
Officer

Date: July 15, 1992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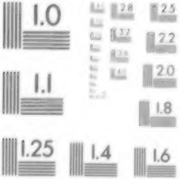
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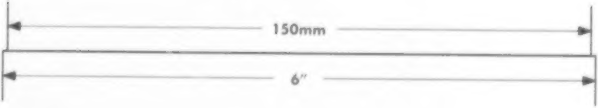

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